Heimdal Security A/S

Vester Farimagsgade 1, 2. 1606 København V Denmark

CVR no. 35 80 24 95

Annual report for the period 1 October 2019 – 31 December 2020

The annual report was presented and approved at the Company's annual general meeting on

11 October 2021

Florian Hofmann

Chairman

Heimdal Security A/S Annual report 2019/20 CVR no. 35 80 24 95

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Heimdal Security A/S Annual report 2019/20 CVR no. 35 80 24 95

Florian Hofmann

Chairman

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Heimdal Security A/S for the financial period 1 October 2019 – 31 December 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial period 1 October 2019 - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 11 October 2021
Executive Board:

Morten Kjærsgaard

Board of Directors:

Morten Kjærsgaard

Mogens Munkholm Elsberg



Independent auditor's report

To the shareholder of Heimdal Security A/S

Opinion

We have audited the financial statements of Heimdal Security A/S for the financial period 1 October 2019 – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial period 1 October 2019 - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

— identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that
 are appropriate in the circumstances, but not for the purpose of expressing an opinion on the
 effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the
 disclosures, and whether the financial statements represent the underlying transactions and events in
 a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 11 October 2021 **KPMG**Statsautoriseret Revisionspartnerselskab CVR no. 25 57 81 98

Jon Beck State Authorised Public Accountant mne32169

Heimdal Security A/S Annual report 2019/20

Annual report 2019/20 CVR no. 35 80 24 95

Management's review

Company details

Heimdal Security A/S Vester Farimagsgade 1, 2. 1606 København V

CVR no.: 35 80 24 95
Established: 11 March 2014
Registered office: Copenhagen

Financial period: 1 October 2019 – 31 December 2020

Board of Directors

Florian Hofmann, Chairman Morten Kjærsgaard Mogens Munkholm Elsberg

Executive Board

Morten Kjærsgaard

Auditor

KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 DK-2100 København Ø CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The purpose of the Company is to conduct business within it security where they offer both combined and integreated solutions regardering trade, sales and development. The primary market is large customers, which are served both directly and indirectly.

Development in activities and financial position

The Company's income statement for the period 1 October 2019 - 31 December 2020 shows a loss of DKK -30,068,407 as against DKK -988,516 in the period 1 October 2018 - 30 September 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK -40,035,505 as against DKK -9,967,098 at 30 September 2019.

The Company has changed the financial reporting period from 1 October - 30 September to 1 January - 31 December. The transition period covers 1 October 2019 - 31 December 2020.

The Company has as with effect from 1 October 2019 merged with Basic Bytes IVS. The Merger has had minimum effect on the financial statements for 2019/20.

Going concern

Due to the negative result in 2019/20, which is significantly impacted by one-time bonuses, related to the sale of the Company to Marlin Equity Partners and investments in sales staff in a number of new markets, the Company has lost its share capital. The Company is generating to significant cash from sales and is being provided financing from the Parent Company which ensures that the company can continue as a going concern and is expected to reestablish the share capital though future earnings.

Events after the balance sheet date

No events have occured after the balance sheet date which could significantly affect the Company's financial position.

Outlook

It is expected that there will be a positive development in the Company's financial position in the coming year. Therefore it is expected that the equity will be restored in the coming years.

Income statement

DKK	Note	1/10 2019- 31/12 2020	1/10 2018- 30/9 2019
Gross profit		22,968,093	5,603,393
Staff costs	2	-46,542,143	-6,405,861
Depreciation, amortisation and impairment losses		-6,123,712	-15,277
Other operating costs		0	-7,030
Loss before financial income and expenses		-29,697,762	-824,775
Result from equity investments in group entities		-458,120	-195,833
Other financial income	3	343,299	177,178
Other financial expenses	4	-255,824	-364,122
Loss before tax		-30,068,407	-1,207,552
Tax on loss for the period	5	0	219,036
Loss for the period		-30,068,407	-988,516
Proposed distribution of loss			
Reserve for net revaluation under equity method		0	-53,681
Retained earnings		-30,068,407	-934,835
		-30,068,407	-988,516

Balance sheet

DKK	Note	31/12 2020	30/9 2019
ASSETS			
Fixed assets			
Intangible assets	6		
Acquired patents		22,885,333	0
Property, plant and equipment	7		
Fixtures and fittings, tools and equipment		221,060	132,438
Investments	8		
Equity investments in group entities		1,574,066	2,032,186
Deposits		1,067,705	83,115
		2,641,771	2,115,301
Total fixed assets		25,748,164	2,247,739
Current assets			
Receivables			
Trade receivables		13,377,359	6,137,994
Receivables from group entities		13,566,794	3,929,141
Other receivables		614,077	0
Deferred tax asset		281,579	281,579
Corporation tax		221,839	221,839
Prepayments		2,258,137	1,583,544
		30,319,785	12,154,097
Cash at bank and in hand		5,921,082	3,858,988
Total current assets		36,240,867	16,013,085
TOTAL ASSETS		61,989,031	18,260,824

Balance sheet

DKK	Note	31/12 2020	30/9 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500,000	500,000
Retained earnings		-40,535,505	
Total equity		-40,035,505	
Liabilities			
Non-current liabilities	9		
Other payables		1,106,243	667,651
Current liabilities			
Current portion of non-current liabilities		369,000	123,000
Trade payables		2,034,843	438,207
Payables to group entities		38,630,719	140,929
Other payables		6,890,617	2,480,285
Deferred income		52,993,114	24,377,850
		100,918,293	27,560,271
Total liabilities		102,024,536	28,227,922
TOTAL EQUITY AND LIABILITIES		61,989,031	18,260,824
Contractual obligations, contingencies, etc.	10		
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Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 October 2019	500,000	-10,467,098	-9,967,098
Transferred over the distribution of loss	0	-30,068,407	-30,068,407
Equity at 31 December 2020	500,000	-40,535,505	-40,035,505

Notes

1 Accounting policies

The annual report of Heimdal Security A/S for 2019/20 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The Company has changed the financial reporting period from 1 October - 30 September to 1 January - 31 December. The transition period covers 1 October 2019 - 31 December 2020.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Gross profit is an aggregation of revenue, cost of sales and other external costs.

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Services based on time spent are recognised in revenue as the work is performed.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other staff costs are recognised under other external costs.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Result from equity investments in group entities

The proportionate share of the individual subsidiaries' result after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Group goodwill is amortized over 7 years.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on loss for the period

Tax for the period comprises current corporation tax for the period and changes in deferred tax, including changes in tax rates. The tax expense relating to the loss for the period is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Patents, licences and trademarks

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 4 years.

Notes

1 Accounting policies (continued)

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment

3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the parent Company's accounting policies plus or minus unrealized intra-group gains or losses plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by the parent Company's share of the negative net asset value. To the extent that the negative balance exceeds the receivable, the residual amount is recognized as provisions.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost.

Deposita is recognised at the purchase price.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Notes

1 Accounting policies (continued)

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash.

Equity

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries and associates in proportion to cost.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Notes

1 Accounting policies (continued)

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Prepayments

Deferred income comprises advance invoicing regarding income in subsequent years.

Notes

	DKK	1/10 2019- 31/12 2020	1/10 2018- 30/9 2019
2	Staff costs		
	Wages and salaries	46,286,932	6,341,593
	Other social security costs	255,211	64,268
		46,542,143	6,405,861
	Average number of full-time employees	46	7
3	Other financial income		
	Interest income from group entities	290,255	117,151
	Other financial income	281	711
	Exchange gains	52,763	59,316
		343,299	177,178
4	Other financial expenses		
	Interest expense to group entities	0	126,514
	Other financial costs	90,503	237,608
	Exchange losses	165,321	0
		255,824	364,122
5	Tax on loss for the period		
	Current tax for the period	0	-221,839
	Deferred tax for the period	0	2,803
	Adjustment of tax concerning previous years	0	-467,583
	Adjustment of deferred tax concerning previous years	0	467,583
		0	-219,036

Notes

6	Intangible assets	
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intangible decete	
DKK	Acquired patents
Cost at 1 October 2019	0
Additions for the period	28,948,667
Cost at 31 December 2020	28,948,667
Amortisation and impairment losses at 1 October 2019	0
Amortisation for the period	-6,063,334
Amortisation and impairment losses at 31 December 2020	-6,063,334
Carrying amount at 31 December 2020	22,885,333

7 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment
Cost at 1 October 2019	137,005
Additions for the period	149,000
Cost at 31 December 2020	286,005
Depreciation and impairment losses at 1 October 2019	-4,567
Depreciation for the period	-60,378
Depreciation and impairment losses at 31 December 2020	-64,945
Carrying amount at 31 December 2020	221,060

8 Investments

DKK	Equity investments in group entities	Deposits	<u>Total</u>
Cost at 1 October 2019	2,174,338	83,115	2,257,453
Additions for the period	0	984,590	984,590
Cost at 31 December 2020	2,174,338	1,067,705	3,242,043
Revaluations at 1 October 2019	-142,152	0	-142,152
Net profit for the year	885,824	0	885,824
Revaluations for the year	-1,343,944	0	-1,343,944
Revaluations 31 December 2020	-600,272	0	-600,272
Carrying amount at 31 December 2020	1,574,066	1,067,705	2,641,771

Notes

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8 Investments (continued)

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Result for the year
Subsidiaries:			DKK	DKK
Heimdal Security SRL	Romania	100%	-972,797	652,369
Heimdal Security Export ApS	Denmark	100%	94,743	86,093
Heimdal Security UK Limited	England	100%	390,323	394,862
			-487,731	1,133,324
Non-current liabilities				
DKK		Total debt at 31/12 2020	Repayment, first year	Outstanding debt after five years
Other payables		430,500	369,000	0
Holiday pay		1,044,743	0	1,044,743

10 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the other Danish companies in the group. Therefore the Company is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

1,475,243

369,000

1,044,743

The total amount appears in the annual report for Thor Bidco ApS which is the administrative Company for the Danish tax consolidation group.

11 Related party disclosures

Heimdal Security A/S related parties comprise the following:

Control

Heimdal Security A/S is part of the consolidated financial statements of Marlin-Heimdal Aggregator L.P., Hermosa Beach, CA 90254, USA, which is the smallest group, in which the Company is included as a subsidiary.