

Cryptomathic A/S

Åboulevarden 22, 2. sal, 8000 Aarhus C,
Denmark

Annual report 2021

Registration No. 17 08 90 05

The annual report has been presented and approved at the
annual general meeting, 9 May 2022



Charlotte Møller Andersen
Chairman

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Statement by the Executive Board and Board of Directors

The Executive Board and Board of Directors have today discussed and approved the annual report of Cryptomathic A/S for the financial year 1 January – 31 December 2021.

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

It is our opinion that the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the issues included.

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

Aarhus, 9 May 2022

Executive Board

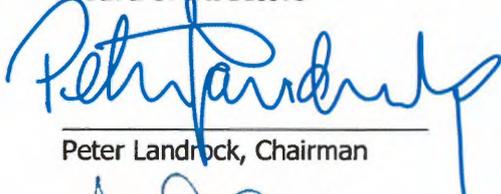


Charlotte Møller Andersen



Emil Kaae Hansen

Board of Directors



Peter Landrock, Chairman



Michael Weber



Karsten Langer



Jeroen Hubert Lenssen

Independent Auditor's Report

To the shareholder of Cryptomathic A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Cryptomathic A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("financial statements").

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Management's Responsibilities 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 as 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 about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.
- 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.

Aarhus, 9 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Henrik Berring Rasmussen
State Authorized Public Accountant
mne34157



Martin Stenstrup Toft
State Authorized Public Accountant
mne42786

Management's review

Company details

Cryptomathic A/S
Åboulevarden 22, 2. sal
8000 Aarhus C
Denmark

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Fax: +45 8620 2975

Web site: www.cryptomathic.com

Registration No.: 17 08 90 05

Established: 2 July 1993

Registered office: Aarhus

Financial year: 1 January – 31 December

Board of Directors

Peter Landrock (chairman)
Karsten Langer
Michael Weber
Jeroen Hubert Lenssen

Executive Board

Charlotte Møller Andersen
Emil Kaae Hansen

Auditors

PricewaterhouseCoopers Statsautoriseret
Revisionspartnerselskab
Jens Chr. Skous Vej 1
8000 Aarhus C
Denmark

Principal activities

The principal activity of the company is development, sale and maintenance of software related to electronic security (e-Security). The customers are typically banks and financial institutions, telecommunication companies, governments (e-Passport), software houses and system integrators.

Development in the activities and financial affairs

Profit before tax is DKK 3.5 million against DKK 14.1 million in 2020.

Tax on profit for the year is a cost of DKK 0.7 million against a cost of DKK 0.4 million in 2020. After this, profit for the year is DKK 2.7 million against DKK 13.6 million in 2020.

Equity comprises DKK 28.2 million at year-end compared to DKK 24.0 million in by the end of 2020. During the year DKK 0 million have been paid out as dividend regarding 2021.

Events after the balance sheet date

No events of any significance affecting the financial position of the company occurred after the end of the financial year.

Income statement 1 January - 31 December

	Note	2021	2020
Gross profit		39.609.349	35.473.602
Staff cost	2	(36.305.159)	(33.130.835)
Operating profit before depreciation (EBITDA)		3.304.190	2.342.767
Depreciation		(318.804)	(147.944)
Operating profit (EBIT)		2.985.386	2.194.823
Profit in subsidiaries after tax	4	312.479	12.393.861
Financial income		405.753	311.623
Financial cost		(235.475)	(843.388)
Profit before tax		3.468.143	14.056.919
Tax	3	(719.145)	(414.816)
Profit for the year		2.748.998	13.642.104
<i>Proposed profit appropriation:</i>			
Proposed dividends		12.751.089	-
Reserve for net revaluation according to the equity method		312.479	6.240.949
Retained earnings		(10.314.570)	7.401.155
		2.748.998	13.642.104

Balance sheet at 31 December

ASSETS	Note	2021	2020
Fixtures and fittings, tools and equipment		997.890	358.998
Total property, plant and equipment		997.890	358.998
Investments in subsidiaries	4	29.635.425	27.891.666
Investments in associates		280.759	280.759
Deposits		892.692	1.023.134
Total investments		30.808.876	29.195.559
TOTAL FIXED ASSETS		31.806.766	29.554.557
Inventories		274.585	-
Trade receivables		367.954	1.080.375
Contract work in progress	5	659.205	2.135.241
Amounts owed group enterprises		13.820.698	2.142.078
Other receivables		897.883	219.324
Deferred tax asset		249.525	482.470
Prepayments		1.278.075	364.672
Total receivables		17.273.340	6.424.160
Cash at bank and in hand		491.032	8.663.788
TOTAL CURRENT ASSETS		18.038.957	15.087.948
TOTAL ASSETS		49.845.723	44.642.505

Balance sheet at 31 December

EQUITY AND LIABILITIES	Note	2021	2020
Share capital		772.224	772.224
Net revaluation according to the equity method		10.609.778	8.866.019
Retained earnings		4.079.124	14.393.694
Proposed dividends for the year		12.751.089	-
TOTAL EQUITY	6	28.212.215	24.031.937
Long-term liabilities		2.877.097	2.909.178
Total long-term liabilities		2.877.097	2.909.178
Credit institutions		4.528.378	-
Contract work in progress	5	248.106	-
Trade payables		1.705.499	852.546
Amounts owed to group enterprises		6.909.926	10.336.675
Corporation tax liability		486.200	201.696
Other payables		3.730.668	5.330.818
Deferred income		1.147.634	979.655
Total short-term liabilities		18.756.411	17.701.390
TOTAL LIABILITIES		21.633.508	20.610.568
TOTAL EQUITY AND LIABILITIES		49.845.723	44.642.505
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Notes

Note 1 Accounting policies

The annual report of Cryptomathic A/S has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

In accordance with section 112 (1) of the Danish Financial Statements Act the company has omitted the presentation of consolidated financial statements.

In 2021 the Company have changed the income statement from by function to by nature as this gives a better picture of the business and is what is used in the internal reporting.

Apart from that, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date.

Foreign exchange differences are recognized in the income statement as interest income or expense and similar items.

On recognition of foreign subsidiaries, the income statements are translated at the average exchange rates for the year, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognized directly in equity.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Income statement

Gross profit

In accordance with §32 of the Danish Financial Statements Act the company has aggregated the items revenue, cost of sales and other external cost and instead added the item gross profit.

Note 1 Accounting policies (continued)

Revenue

Revenue from sales is recognized in net sales when transition of the main benefits and risks to the buyer has taken place, the income can be calculated reliably, and payment is expected to be received. The time of transition of the main benefits and risks is based on standard delivery terms based on Incoterms® 2020.

Net sales are measured at the fair value of the agreed consideration exc. VAT and taxes charged on behalf of third parties. All forms of discounts are recognized in net sales.

Contract work in progress is recognized as gross profit by reference to the stage of completion. Accordingly, gross profit reflects the selling price of work performed during the year.

Cost of sales

Cost of sales comprise costs incurred in generating revenue for the year. Such costs include costs of raw materials and consumables.

Other external cost

Other external cost includes sales and marketing cost, Cost related to IP rights, IT cost office cost and administration cost.

Staff cost

Staff cost include cost related to wages, pensions, holidays, social security and other cost related to the employees in the company.

Profits in subsidiaries after tax

The proportionate share of the results after tax of the individual enterprises after full elimination of intra-group profits/losses, amortization of goodwill and gain/loss on disposal of shares is recognized in the income statement of the company.

Financial income and cost

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

Notes

Note 1 Accounting policies (continued)

Tax

The company is covered by the Danish regulations concerning compulsory joint taxation with the parent company REF IVV TopCo ApS and its Danish parent companies. The current Danish corporation tax is apportioned through payment of joint tax contribution between the jointly taxed companies in relation to their taxable incomes.

Tax for the year, which comprises the year's joint tax contribution and changes in deferred tax, is included in the income statement with the proportion that is attributable to the year's result and directly in the equity with the proportion that is attributable to the items directly in the equity. The recognized tax relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Property, plant and equipment

Property, plant and equipment is measured at initial recognition at cost.

Fixtures and fittings, tools and equipment are subsequently measured at cost less accumulated depreciation. The depreciation basis is calculated taking into account the residual value of the asset after completion of the useful life and reduced by any write-downs. The amortization period and the residual value are determined at the acquisition date and are reviewed annually. If the residual value exceeds the carrying amount of the asset, depreciation ceases. Changes in the amortization period or residual value include the effect on depreciation for the future as a change in accounting estimates.

The cost includes the acquisition price and costs directly related to the acquisition until the date of completion of the asset. Indirect production costs and borrowing costs are not included in the cost. The cost of an aggregate asset is divided into separate components, which are depreciated separately if the useful life of the individual components is different.

Linear depreciation is made over the expected useful life of fixtures and fittings, tools and equipment for 3-5 years.

Notes

Note 1 Accounting policies (continued)

Profits and losses on disposal of property, plant and equipment are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale. Profits or losses are recognized in the income statement under other operating income and other operating expenses.

Lease contracts

All lease contracts are considered to be operating leases. Operating lease and rent expenses are recognized in the income statement over the lease term. The aggregate amounts of the company's lease commitments are disclosed in contingent liabilities.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

The investments are measured in the balance sheet at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealized intra-group profits and losses and with the addition of the carrying amount of goodwill.

Subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the negative net asset value. Where the negative net asset value exceeds the amount owed, the remaining amount is recognized under provisions.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost.

Investments in associates

Investments in associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Notes

Note 1 Accounting policies (continued)

Receivables

Receivables are measured at amortized cost.

Receivables from the parent company are calculated as initial amount plus the cumulative amortization of the difference between the initial amount and the maturity amount using a constant effective interest rate.

Regarding other receivables amortized cost corresponds in all material respects to nominal value. Write-down is made for bad debt losses.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract work. Individual contract work in progress is recognized in the balance sheet under either receivables or liabilities, depending on whether the net amount of the selling price less progress billings and prepayments is positive or negative.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Securities

Listed Danish securities, recognized in current assets, are measured at fair value at the balance sheet date. Changes in fair value are recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents include bank deposits.

Proposed dividend

Dividend proposed for the year is recognized as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

Net revaluation reserve according to the equity method

Net revaluation of equity investments in subsidiaries is recognized at cost in the net revaluation reserve according to the equity method. The reserve can be eliminated in case of losses, realization of equity investments or changes in accounting estimates. The reserve cannot be recognized at a negative amount.

Notes

Note 1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of property, plant and equipment and investments in subsidiaries is assessed annually for indications of impairment, in addition to that expressed by depreciation.

If there are indications of impairment, impairment tests of each asset or group of assets are carried out. Write-downs are made at the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the asset or the group of assets. Previously recognized impairment losses are reversed when the reason for recognition no longer exists.

Corporation tax and deferred tax

Joint tax contribution liabilities and receivables calculated on the taxable income for the year, adjusted for any tax from previous years' taxable income as well as prepaid on-account taxes, are recognized in the balance sheet as corporation tax liability or corporation tax receivable.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax assets, including the tax base of tax loss carryforwards, are recognized at the expected value of their utilization; 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 and jurisdiction. Changes in deferred tax assets resulting from a change in the tax rate are recognized in the income statement.

Other liabilities

Other liabilities are measured at net realizable value.

Deferred income

Deferred income comprise payments received for services delivered in subsequent financial years.

Notes

	<u>2021</u>	<u>2020</u>
Note 2 Staff cost		
Wages and salaries	32.295.365	29.783.090
Pensions	2.030.965	1.787.381
Social security cost	376.467	202.661
Other staff cost	<u>1.602.362</u>	<u>1.357.703</u>
	<u>36.305.159</u>	<u>33.130.835</u>
Average number of employees (FTEs)	<u>50</u>	<u>50</u>
Employees by the end of the year	<u>53</u>	<u>51</u>
Note 3 Tax		
Current tax for the year	(486.200)	(509.696)
Changes in deferred tax for the year	<u>(232.945)</u>	<u>94.880</u>
	<u>(719.145)</u>	<u>(414.816)</u>
Note 4 Investments in subsidiaries		
Cost at 1 January	<u>19.025.647</u>	<u>19.025.647</u>
Cost at 31 December	<u>19.025.647</u>	<u>19.025.647</u>
Revaluations at 1 January	8.866.019	4.031.337
Foreign exchange adjustments	1.431.280	(1.406.267)
Profit/loss after tax	312.479	12.393.861
Dividend	<u>-</u>	<u>(6.152.912)</u>
Revaluations at 31 December	<u>10.609.778</u>	<u>8.866.019</u>
Carrying amount at 31 December	<u>29.635.425</u>	<u>27.891.666</u>
<u>Name and registered office</u>		<u>Ownership</u>
Cryptomathic Ltd, Cambridge, UK		100%
Cryptomathic GmbH, München, Germany		100%
Cryptomathic Inc., San Jose, USA		100%

Notes

	<u>2021</u>	<u>2020</u>
Note 5 Contract work in progress		
Contract work in progress	1.500.474	2.135.241
Progress billings and prepayments	<u>(1.089.375)</u>	<u>-</u>
	<u>411.099</u>	<u>2.135.241</u>
recognised as follows:		
Contract work in progress (assets)	659.205	2.135.241
Contract work in progress (liabilities)	<u>(248.106)</u>	<u>-</u>
	<u>411.099</u>	<u>2.135.241</u>

Note 6 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Net revaluation acc. to the equity method</u>	<u>Proposed dividend</u>	<u>Total</u>
Equity at 1 January	772.224	14.393.694	8.866.019	-	24.031.937
Foreign exchange adjustments, foreign subsidiaries	-	-	1.431.280	-	1.431.280
Profit for the year	<u>-</u>	<u>(10.314.570)</u>	<u>312.479</u>	<u>12.751.089</u>	<u>2.748.998</u>
Equity at 31 December	<u>772.224</u>	<u>4.079.124</u>	<u>10.609.778</u>	<u>12.751.089</u>	<u>28.212.215</u>

Share capital

The share capital comprises 772,224 shares of DKK 1 each.

The share capital has remained unchanged for the last 5 years.

Note 7 Contingent liabilities

The company has operating rent commitments totalling DKK 5.8 million.

The company has operating lease commitments falling due within 5 years totalling DKK 0.1 million.

The company is jointly and severally liable for tax under the Danish joint taxation with the parent company REF IVV TopCo ApS. The known net tax liability of the jointly taxed companies is DKK 0 thousand as at 31st December 2021. Subsequent corrections of the joint taxable income, if any, could result in an increased liability for the company. The company is also jointly and severally liable for VAT under the joint VAT registration with the parent company Cryptomathic Holding ApS.

Notes

Note 8 Shareholders

The Company has registered the following shareholders to hold at least 5% of the voting share capital or at least 5% of the nominal value of the share capital:

Cryptomathic Holding ApS
c/o Cryptomathic A/S
Åboulevarden 22, 2. sal
8000 Aarhus C
Denmark

Note 9 Consolidated financial statements

Cryptomathic A/S and subsidiaries are included in the consolidated financial statements for REF IVV TopCo ApS
c/o Cryptomathic A/S
Åboulevarden 22, 2. sal
8000 Aarhus C
Denmark
Registration no.: 42 43 54 30

The deferred tax asset is related to contract work in progress, cost accruals and fixed assets.