

DENCRYPT A/S
ARNOLD NIELSENS BOULEVARD 72 - 74, 2650 HVIDOVRE
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2024

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 23 April 2025**

Claus Jørgen Nielsen

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COMPANY DETAILS

Company	Dencrypt A/S Arnold Nielsens Boulevard 72 - 74 2650 Hvidovre
	CVR No.: 25 69 89 08
	Established: 20 December 2013
	Financial Year: 1 January - 31 December
Board of Directors	Kaj Juul-Pedersen, chairman Daniel Kjær, vice chairman Claus Jørgen Nielsen Jan Dinesen Jacob Tackmann Thomsen
Executive Board	Søren Sennels COO Christian Jul Jensen CEO
Auditor	EY GODKENDT REVISIONSPARTNERSELSKAB Dirch Passers Allé 36, Postboks 250 2000 Frederiksberg
Bank	Nykredit Bank

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Dencrypt A/S for the financial year 1 January - 31 December 2024.

The Annual Report is presented 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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Hvidovre, 23 April 2025

Executive Board

Søren Sennels
COO

Christian Jul Jensen
CEO

Board of Directors

Kaj Juul-Pedersen
Chairman

Daniel Kjær
Vice Chairman

Claus Jørgen Nielsen

Jan Dinesen

Jacob Tackmann Thomsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dencrypt A/S

Opinion

We have audited the Financial Statements of Dencrypt A/S for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet 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 financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 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, 23 April 2025

EY GODKENDT REVISIONSPARTNERSELSKAB
CVR no. 30700228

Mogens Andreasen

MNE no. mne28603

MANAGEMENT REVIEW

Principal activities

Dencrypt A/S develops and delivers solutions for secure communication. Our encrypted communication solutions combine ease of use with advanced encryption technology and provide effective protection against espionage and eavesdropping.

Our products target governmental and defence organisations, critical Infrastructure, police, public authorities, private companies, and others for whom it is essential to protect confidential information, critical technology, and correspondence with trusted clients or partners.

Dencrypt products feature Dynamic Encryption, a patented encryption technology offering the ultimate protection of data.

Dencrypt holds memberships of the trade associations Danish Business Association (DI Digital, DI Defence and Security), CenSec, and The Danish ICT Industry Association (IT-Branchen) Danish chamber of Commerce (Dansk Erhverv).

Dencrypt has offices in Copenhagen and Aalborg.

Development in activities and financial and economic position

During the year, the company has expanded its business in Denmark as well as internationally. The user base for the Dencrypt Communication Solution has increased substantially.

Dencrypt continues to expand and improve its product platform. The Dencrypt Connex Platform has launched new features, that enable the platform to connect into Collaboration solutions and other critical communication solutions. This supports Dencrypts ambitions to be able to support a larger addressable market for secure communication solutions. The company has also progressed significantly in the development of Dencrypt Gateway enabling connectivity to other IP-based communication systems.

Development of further extensions of the solution has been ongoing during the year. These will enable improved usability, functionality and stability.

The company continues to cooperate closely with the Technical University of Denmark (DTU) within the area of cryptology. The collaboration involves the development of methods and technology for future cryptographic products and solutions, including methods for Quantum-safe communication.

Dencrypt continues to maintain and develop its patent portfolio to protect its core technology and solutions.

This year's result meets expectations and gives Dencrypt a strong position for continued growth.

The result shows a net profit of 1.9 MDKK

Changes to the Management

Christian Jul Jensen was appointed CEO from may 1st. Søren Sennels returned to previous role in Dencrypt as COO and part of the Management team.

Significant events after the end of the financial year

No events have occurred after the end of the year, which may affect the financial statements.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2024 DKK	2023 DKK
GROSS PROFIT.....		17.592.392	8.116.279
Staff costs.....	1	-8.584.117	-6.271.012
Depreciation, amortisation and impairment.....		-6.575.206	-4.869.677
OPERATING PROFIT.....		2.433.069	-3.024.410
Other financial income.....		4.463	8.199
Other financial expenses.....		-209.950	-322.428
PROFIT BEFORE TAX.....		2.227.582	-3.338.639
Tax on profit/loss for the year.....	2	-361.000	857.600
PROFIT FOR THE YEAR.....		1.866.582	-2.481.039
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		1.866.582	-2.481.039
TOTAL.....		1.866.582	-2.481.039

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2024 DKK	2023 DKK
Development projects completed.....		20.923.826	22.319.457
Development projects in progress and prepayments.....		4.727.403	2.527.615
Intangible assets.....	3	25.651.229	24.847.072
Other plants, machinery, tools and equipment.....		9.908	40.905
Property, plant and equipment.....	4	9.908	40.905
Rent deposit and other receivables.....		234.971	232.836
Financial non-current assets.....	5	234.971	232.836
NON-CURRENT ASSETS.....		25.896.108	25.120.813
Trade receivables.....		13.524.920	3.604.137
Receivables corporation tax.....		0	1.491.600
Prepayments and accrued income.....		105.195	286.167
Receivables.....		13.630.115	5.381.904
Cash and cash equivalents.....		1.276.662	339.273
CURRENT ASSETS.....		14.906.777	5.721.177
ASSETS.....		40.802.885	30.841.990

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2024 DKK	2023 DKK
Share capital.....		799.280	799.280
Transferred to reserve for development costs.....		20.007.959	19.380.717
Retained profit.....		-5.697.947	-6.937.287
EQUITY.....		15.109.292	13.242.710
Provision for deferred tax.....		4.903.000	4.542.000
PROVISIONS.....		4.903.000	4.542.000
Mortgage debt.....		0	405.969
Other liabilities.....		844.811	819.409
Accruals and deferred income.....		2.485.005	837.198
Non-current liabilities.....	6	3.329.816	2.062.576
Bank debt.....		0	589.642
Short-term portion of long-term liabilities.....		5.039.744	3.173.572
Trade payables.....		214.874	695.879
Payables to group enterprises.....		0	300.000
Payables to associated enterprises.....		1.200.000	600.000
Other liabilities.....		5.711.228	2.942.810
Prepayments.....		5.294.931	2.692.801
Current liabilities.....		17.460.777	10.994.704
LIABILITIES.....		20.790.593	13.057.280
EQUITY AND LIABILITIES.....		40.802.885	30.841.990
 Contingent liabilities	 7		
Charges and securities	8		

EQUITY

	Share capital	Transferred to reserve for development costs	Retained profit	Total
Equity at 1 January 2024.....	799.280	19.380.717	-6.937.287	13.242.710
Proposed profit allocation.....			1.866.582	1.866.582
Other legal bindings				
Capitalized development costs.....		627.242	-627.242	0
Equity at 31 December 2024.....	799.280	20.007.959	-5.697.947	15.109.292

Change in the share capital in the past year:

DKK	2024	2023	2022	2021	2020	2019
Opening Balance	799.280	799.280	789.280	769.280	764.280	764.280
Capital increase	0	0	10.000	20.000	5.000	0
	799.280	799.280	799.280	789.280	769.280	764.280

NOTES

			Note
	2024 DKK	2023 DKK	
Staff costs			1
Average number of employees	18	17	
Wages and salaries.....	15.255.567	13.224.601	
Pensions.....	42.834	37.870	
Social security costs.....	86.187	84.366	
Other staff costs.....	262.516	358.474	
Staff costs transferred to intangible fixed assets.....	-7.062.987	-7.434.299	
	8.584.117	6.271.012	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	0	-1.343.600	
Adjustment of deferred tax.....	361.000	486.000	
	361.000	-857.600	
Intangible assets			3
	Development projects completed	Development projects in progress and prepayments	
Cost at 1 January 2024.....	45.278.598	2.527.615	
Transfer.....	5.148.577	-5.148.577	
Additions.....	0	7.348.365	
Cost at 31 December 2024.....	50.427.175	4.727.403	
Amortisation at 1 January 2024.....	22.959.141	0	
Amortisation for the year.....	6.544.208	0	
Amortisation at 31 December 2024.....	29.503.349	0	
Carrying amount at 31 December 2024.....	20.923.826	4.727.403	
Property, plant and equipment			4
		Other plants, machinery, tools and equipment	
Cost at 1 January 2024.....		674.827	
Cost at 31 December 2024.....		674.827	
Depreciation and impairment losses at 1 January 2024.....		633.921	
Depreciation for the year.....		30.998	
Depreciation and impairment losses at 31 December 2024.....		664.919	
Carrying amount at 31 December 2024.....		9.908	

NOTES

	Note
Financial non-current assets	5
	Rent deposit and other receivables
Cost at 1 January 2024.....	232.836
Additions.....	2.135
Cost at 31 December 2024.....	234.971
Carrying amount at 31 December 2024.....	234.971

Long-term liabilities				6
	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Mortgage debt.....	484.791	484.791	0	952.280
Other liabilities.....	844.811	0	844.811	819.409
Accruals and deferred income.....	7.039.958	4.554.953	0	3.463.326
	8.369.560	5.039.744	844.811	5.235.015

Contingent liabilities 7

The company has entered into lease rental property, which can be terminated by 3 and 12 months notice. The Company has rental commitments for a total of DKK 492 thousand on the current lease rental property

Charges and securities 8

The company has pledged assets as security for guarantees and debts as of 31 December 2024, corporate charges have been provided as follows.

For the security of the payment guarantee from Nykredit, the company has provided a corporate charge of DKK 1,950 thousand, in the company's assets with a carrying amount of DKK 13.640 thousand at 31 December 2024.

For the security of the payment guarantee from Nykredit, the company has provided a corporate charge of DKK 3,902 thousand, in the company's assets with a carrying amount of DKK 13.640 thousand at 31 December 2024.

To secure debt to Nykredit, the company has provided a corporate charge of DKK 1,000 thousand, in the company's assets with a carrying amount of DKK 13.640 thousand at 31 December 2024.

ACCOUNTING POLICIES

The Annual Report of Dencrypt A/S for 2024 has been presented with the provisions of the Danish Financial Statements Act for enterprises in reporting class B as well as provisions applying to reporting class C entities.

The Annual Report is prepared consistently with the accounting principles applied last year.

The financial statements are presented in Danish Kroner (DKK).

INCOME STATEMENT

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue. Gross profit reflects an aggregation of revenue less cost of sales and external cost.

Net revenue

Dencrypt A/S has chosen IAS 11/IAS 18 as interpretation for revenue recognition. Net revenue from sale of service contracts and license subscriptions is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including royalty, commission of agent agreements and external license.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

BALANCE SHEET

Intangible fixed assets

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

ACCOUNTING POLICIES

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	<i>Useful life</i>	<i>Residual value</i>
Other plant, fixtures and equipment.....	2-5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Financial non-current assets

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses. Dencrypt A/S has chosen IAS 39 as interpretation for impairment of financial receivables.

ACCOUNTING POLICIES

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents

Cash and Cash Equivalents comprise cash at bank and in hand.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.