Arcus Holding A/S

Banemarksvej 50, DK-2605 Brøndby

Annual Report for 2024

CVR No. 38 33 03 65

The Annual Report was presented and adopted at the Annual General Meeting of the company on 20/3 2025

Dorthe Rosenkilde Saunders
Chairman of the general meeting

Contents

	Page
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	7
Balance sheet 31 December	8
Statement of changes in equity	10
Notes to the Financial Statements	11

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Arcus Holding A/S for the financial year 1 January - 31 December 2024.

The Annual Report is 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 at 31 December 2024 of the Company and of the results of the Company operations for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 20 March 2025

Executive Board

Lars Larsen

Board of Directors

Thomas Jensen Chairman	Lars Larsen	Dorthe Rosenkilde Saunders

Independent Auditor's report

To the shareholder of Arcus Holding 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 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.

We have audited the Financial Statements of Arcus Holding A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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.

Independent Auditor's report

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 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.

- 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.

- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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.

Independent Auditor's report

Hellerup, 20 March 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Allan Knudsen
State Authorised Public Accountant
mne29465

Alexander Oliver Duschek
State Authorised Public Accountant
mne47774

Company information

The Company	Arcus Holding A/S Banemarksvej 50 DK-2605 Brøndby CVR No: 38 33 03 65 Financial period: 1 January - 31 December Municipality of reg. office: Brøndby
Board of Directors	Thomas Jensen, chairman Lars Larsen Dorthe Rosenkilde Saunders
Executive Board	Lars Larsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's review

Key activities

The purpose of the Group is to be the global market leader within software as a service (SaaS) edge, Hybrid and cloud offered unified security platform software. The purpose of the parent company is to develop the edge, hybrid and cloud-based unified security platform and commercialize it, either by itself, or through Group related companies. The Group is operating as standalone company within the Canon Group.

Development in the year

The income statement of the Company for 2024 shows a profit of DKK 572,784,227, and at 31 December 2024 the balance sheet of the Company shows a positive equity of DKK 1,006,461,618.

The company expects growth in both revenues and expenses as it expands into the marketplace. It anticipates achieving revenue growth through its own sales and marketing initiatives as well as partnering with established distribution and reseller companies within the space.

Research and development

To become the global market leader within hybrid and cloud-offered unified security platform, it is crucial that the Group can recruit and retain employees with high technical and commercial skills. The Group is focusing on retention and development of employees by demonstrating respect for the individual, creating a motivating workplace, and offering opportunities for professional and personal development.

The Company has invested significant amounts creating its software platform capitalized as an intangible asset on the balance sheet. The Company expects that its future sales will provide adequate returns to support the carrying value of this asset. In the event that future expectations of returns materially change, the carrying value of the intangible asset could be impacted.

Unusual events

The Company's subsidiary, Arcules Inc., has delivered an exceptionally strong result in 2024, primarily driven by the sale of customer rights to Milestone Systems, following the acquisition of Arcus Holding in 2024.

Income statement 1 January - 31 December

	Note	2024	2023
		DKK	DKK
Gross loss		**-69,215,054**	**-62,801,860**
Staff expenses	2	-1,626,374	-1,182,922
Amortisation and impairment losses of intangible assets	3	-35,039,266	-34,209,081
Profit/loss before financial income and expenses		**-105,880,694**	**-98,193,863**
Income from investments in subsidiaries		607,910,006	-104,168,076
Financial income	4	68,230,840	27,767,296
Financial expenses	5	-8,561,347	-20,797,362
Profit/loss before tax		**561,698,805**	**-195,392,005**
Tax on profit/loss for the year	6	11,085,422	36,229,687
Net profit/loss for the year		**572,784,227**	**-159,162,318**

Distribution of profit

	2024	2023
	DKK	DKK
Proposed distribution of profit		
Reserve for net revaluation under the equity method	607,910,006	0
Other statutory reserves	23,767,943	5,240,033
Retained earnings	-58,893,722	-164,402,351
	572,784,227	**-159,162,318**

Balance sheet 31 December

Assets

	Note	2024	2023
		DKK	DKK
Completed development projects		117,499,128	102,831,938
Development projects in progress		13,452,286	10,817,879
Intangible assets	7	**130,951,414**	**113,649,817**
Investments in subsidiaries	8	120,489,882	0
Fixed asset investments		**120,489,882**	**0**
Fixed assets		**251,441,296**	**113,649,817**
Finished goods and goods for resale		0	877,220
Inventories		**0**	**877,220**
Trade receivables		823,976	659,525
Receivables from group enterprises		600,025,909	0
Other receivables		812,915	348,297
Corporation tax receivable from group enterprises		18,107,548	28,156,603
Prepayments		105,737	262,612
Receivables		**619,876,085**	**29,427,037**
Cash at bank and in hand		**157,942,530**	**37,029,018**
Current assets		**777,818,615**	**67,333,275**
Assets		**1,029,259,911**	**180,983,092**

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		DKK	DKK
Share capital		13,152,647	6,840,553
Reserve for net revaluation under the equity method		120,489,261	0
Reserve for development costs		102,142,103	78,374,160
Retained earnings		770,677,607	-240,725,059
Equity		**1,006,461,618**	**-155,510,346**
Provision for deferred tax	9	19,874,966	13,114,142
Provisions relating to investments in group enterprises		0	14,980,946
Provisions		**19,874,966**	**28,095,088**
Payables to group enterprises		0	299,775,660
Long-term debt	10	**0**	**299,775,660**
Trade payables		434,922	450,377
Payables to group enterprises	10	0	7,340,923
Other payables		658,060	447,311
Deferred income		1,830,345	384,079
Short-term debt		**2,923,327**	**8,622,690**
Debt		**2,923,327**	**308,398,350**
Liabilities and equity		**1,029,259,911**	**180,983,092**
Uncertainty relating to recognition and measurement	1		
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		
Subsequent events	13		
Accounting Policies	14		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	6,840,553	0	78,374,160	-240,725,059	-155,510,346
Exchange adjustments	0	-29,716,005	0	0	-29,716,005
Cash capital increase	6,312,094	0	0	612,591,648	618,903,742
Transfer negative value adjustment prior years of subsidiaries	0	-457,704,740	0	457,704,740	0
Development costs for the year	0	0	23,767,943	0	23,767,943
Net profit/loss for the year	0	607,910,006	0	-58,893,722	549,016,284
Equity at 31 December	**13,152,647**	**120,489,261**	**102,142,103**	**770,677,607**	**1,006,461,618**

Notes to the Financial Statements

1. Uncertainty relating to recognition and measurement

In the preparation of the Financial Statements, Management undertakes several accounting estimates and judgments and makes assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses.

In the opinion of Management, significant accounting estimates and judgments in the preparation of the Financial Statements Report relate to the following:

- Carrying value of the intangible asset

The Company has invested significant amounts creating its software platform capitalized as an intangible asset on the balance sheet.

The Company expects that its future sales will provide adequate returns to support the carrying value of this asset.

In the event that future expectations of returns materially change, the carrying value of the intangible asset could be impacted.

2. Staff expenses

	2024 DKK	2023 DKK
Wages and salaries	1,618,693	1,181,313
Other social security expenses	7,681	1,609
	1,626,374	**1,182,922**
Average number of employees	**2**	**2**

3. Amortisation and impairment losses of intangible assets

	2024 DKK	2023 DKK
Amortisation of intangible assets	35,039,266	34,209,081
	35,039,266	**34,209,081**

4. Financial income

	2024 DKK	2023 DKK
Interest received from group enterprises	29,229,618	23,048,002
Other financial income	10,546,467	4,719,294
Exchange gains	28,454,755	0
	68,230,840	**27,767,296**

	2024	2023
	DKK	DKK
5. Financial expenses		
Interest paid to group enterprises	8,551,502	15,474,538
Other financial expenses	9,845	10,346
Exchange loss	0	5,312,478
	8,561,347	**20,797,362**

	2024	2023
	DKK	DKK
6. Income tax expense		
Current tax for the year	-18,107,548	-28,156,602
Deferred tax for the year	6,760,824	-6,992,012
Adjustment of tax concerning previous years	261,302	-1,081,073
	-11,085,422	**-36,229,687**

7. Intangible fixed assets

	Completed development projects	Development projects in progress
	DKK	DKK
Cost at 1 January	252,304,671	10,817,879
Additions for the year	0	52,340,863
Transfers for the year	49,706,456	-49,706,456
Cost at 31 December	302,011,127	13,452,286
Impairment losses and amortisation at 1 January	149,472,733	0
Amortisation for the year	35,039,266	0
Impairment losses and amortisation at 31 December	184,511,999	0
Carrying amount at 31 December	**117,499,128**	**13,452,286**
Amortised over	5 years	Not amortised

Development projects relate to the development of the existing Arcus's software offering and new functionality added to the existing platform. The new functionality will be released on an ongoing basis. The development is progressing according to plan through the use of the resources allocated by Management to the development. The new functionality is primarily targeted towards mid-size and Enterprise customers, which are the customers targeted today. The functionality developed is based on input from various stakeholders within the VMS market, internally as well as externally.

8. Investments in subsidiaries

	2024 DKK	2023 DKK
Cost at 1 January	621	621
Cost at 31 December	621	621
Value adjustments at 1 January	-457,704,740	-366,531,894
Exchange adjustment	-29,716,005	12,995,230
Net profit/loss for the year	607,910,006	-104,168,076
Value adjustments at 31 December	120,489,261	-457,704,740
Equity investments with negative net asset value amortised over receivables	0	442,723,173
Equity investments with negative net asset value transferred to provisions	0	14,980,946
Carrying amount at 31 December	**120,489,882**	**0**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes	Ownership
Arcules, Inc.	USA	621	100%	100%

9. Provision for deferred tax

	2024 DKK	2023 DKK
Deferred tax liabilities at 1 January	13,114,142	20,098,614
Amounts recognised in the income statement for the year	6,760,824	-6,992,012
Amounts recognised in equity for the year	0	7,540
Deferred tax liabilities at 31 December	**19,874,966**	**13,114,142**

	2024	2023
	DKK	DKK

10. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	0	299,775,660
Long-term part	0	299,775,660
Within 1 year	0	7,340,923
	0	**307,116,583**

11. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Milestone Systems A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

12. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The company is included in the group report for the parent company

Name	Place of registered office
Milestone Systems A/S	Banemarksvej 50 DK-2605 Brøndby Denmark

13. Subsequent events

In 2025, Arcus Holding will merge with Milestone Systems A/S with retroactive effect from 1 January 2025. Milestone Systems A/S will be the continuing entity.

14. Accounting policies

The Annual Report of Arcus Holding A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in DKK.

There have been minor reclassifications of the comparative figures in the fiscal year without significantly affecting the equity or profit for the year.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2024 of Milestone Systems A/S, the Company has not prepared consolidated financial statements.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Costs for development projects include salaries, depreciation and other expenses that are directly or indirectly attributable to the Company´s development activities.

Clearly defined and identifiable development projects are stated as intangible fixed assets provided that there is sufficient certainty that the capital value of future earnings will cover sales, marketing and administrative costs as well as actual development costs.

Development costs that do not satisfy the criteria for inclusion in the balance sheet are stated as costs in the Income Statement as they are incurred.

Capitalized development projects are valued at cost less accumulated amortization.

Capitalized development projects are amortized linearly from the date of completion over the period in which they are expected to produce financial benefits, but not exceeding five years.

Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item“Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.