

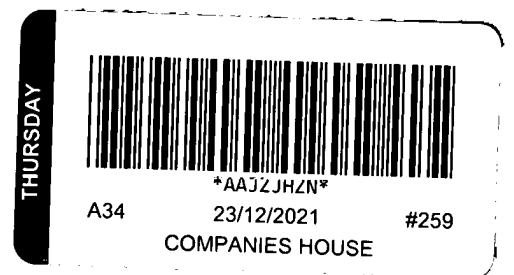
# BullGuard Limited

Report and Financial Statements

Year Ended

31 December 2020

Company Number 04392368



# BullGuard Limited

## Company Information

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<b>Directors</b>	C M C Kaufmann B S Ko (US)
<b>Registered number</b>	04392368
<b>Registered office</b>	100 New Bridge Street London EC4V 6JA
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# BullGuard Limited

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# BullGuard Limited

## Strategic Report For the Year Ended 31 December 2020

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2020.

### Principal activities

BullGuard is an award-winning cybersecurity company focused on providing the consumer and small business markets with the confidence to use the internet in absolute safety. We make it simple for users to protect their data, identity and privacy - at home, in the office and on the go. The BullGuard product portfolio extends to PC, Mac, tablet and smartphone protection, and features a comprehensive product suite, including internet security, mobile security, identity protection, an easy-to-use VPN with military-grade encryption and BullGuard Small Office Security, a dedicated, cloud-managed endpoint service designed specifically for small offices. BullGuard released the world's first IoT vulnerability scanner, real-time Home Network Scanner and unique Game Booster delivering the most secure and optimized gaming experience for PC Gamers.

### Business review and future prospects

This review aims to provide a balanced summary of the activities and performance of BullGuard Limited throughout the year ended 31 December 2020, the risks and uncertainties facing the company and the business position at the year end.

During the prior year we expanded our product portfolio with a new release of BullGuard Small Office Security, a new, powerful, cloud-managed endpoint security service for the small business market. BullGuard Small Office Security enables businesses to operate with the knowledge they are protected against identity and data theft, account takeover, malware such as ransomware, and other cyber threats.

In addition, we have seen significant growth in our VPN product.

As a result of COVID-19 restrictions with our online business, we have seen notable increases in both new online orders for our core products and in particular our VPN product as people were required to work from home. Whilst we experienced a slowdown in our channel orders in some countries as a result of Covid-19 related restrictions, as these restrictions have now eased, we have seen demand for our products via the channel, pick up again.

On 27 November 2020, the share capital of the company was sold to De Facto 2245 Limited, a company incorporated in England and Wales, a subsidiary company of Alpaca BidCo GmbH, the indirect owner of the Avira anti-virus software company.

### Subsequent events

On 8 January 2021 NortonLifeLock Inc, completed its acquisition of Alpaca Top Co. GmbH and Alpaca Hold Co GmbH (intermediate holding companies of Bullguard Limited). In connection with the acquisition the NortonLifeLock Group has undertaken an internal restructuring impacting the company as follows:

- On 1 April 2021 the company sold its 100% shareholding in BullGuard US Inc to NortonLifeLock Inc for USD\$1.
- On 3 April 2021 the company granted a non-exclusive licence to utilise intangible property rights for the Americas to NortonLifeLock Inc. and for the non-Americas to NortonLifeLock Ireland Ltd. in consideration for a royalty.
- On 3 April 2021 the Company assigned its American customer contracts to NortonLifeLock Inc. , non-American customer contracts to NortonLifeLock Ireland Limited and transferred its related customer balances including deferred revenue at book value to NortonLifeLock Ireland Limited. The net proceeds of £2,673,935 was settled by a promissory note due to NortonLifeLock Ireland which matures on 2 April 2023 and bears interest at 2.63% annually.

On 5 July 2021 BullGuard Danmark A/s merged into BullGuard ApS effective from 1 January 2021, with BullGuard ApS surviving.

# BullGuard Limited

## Strategic Report (continued) For the Year Ended 31 December 2020

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### *Subsequent events (continued)*

On 8 October 2021 BullGuard US, Inc was dissolved.

### *Business environment*

The internet security and mobile security markets continue to be highly competitive, with many companies offering perceived similar solutions.

### *Performance review*

Revenues for 2020 totalled £15,165,000 compared to £14,446,000 in 2019.

An operating loss of £7,738,000 was incurred in 2020 compared to an operating loss of £2,030,000 in 2019. BullGuard significantly increased investment in online marketing to drive new online revenue, but also to benefit from subsequent year renewals. The operating loss increase is caused by intercompany provision (£2,050,000 in 2020 with £0 in 2019) and investment provision (£1,234,000 in 2020 with £0 in 2019) increases in relation to other group companies, as well as larger recharges from Bullguard US incurred during the year (£3,834,000 in 2020 with £0 in 2019).

### **Key performance indicators**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Revenue	<b>15,165</b>	14,446
Operating loss	<b>(7,738)</b>	(2,030)
Cash	<b>5,953</b>	5,480

### *Strategy*

BullGuard's strategy is to deliver first class, easy-to-use security software applications for the consumer segment, whilst focusing on partner revenue share and support, continues to be a successful strategy. BullGuard also continues the drive to be first to market with unique products and services to complement the core applications. We provide award winning products that address the most current customer needs with 24/7 in-house customer support.

We have a Global presence, with channel sales showing strength in each of our markets.

Our customer base continues to increase, with over 830,000 (2019 - 740,000) paying customers and industry leading renewal rates and we provide a unique revenue share programmed for our extensive network of partners.

# BullGuard Limited

Strategic Report (continued)  
For the Year Ended 31 December 2020

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## Principal risks and uncertainties

The key performance indicators for the business are revenue, cash flow and profitability and hence the most significant risks to the business are those that directly impact on these, which are correlated with general economic activity.

### *Price risk*

The business continues to offset the risk of competitive pressure through continual investment and development in all of our product offerings, providing excellent customer support and service.

### *Brexit risk*

A large proportion of our revenues are in EUR€ and USD\$ and are therefore at risk of fluctuations post the UK leaving the EU and during the current transition period. With the exception of the currency fluctuations, we have not witnessed any changes to our business and continue to grow our revenues in all our key geographies. However, we will continue to monitor the situation closely and take appropriate action if and when required.

### *Liquidity risk*

The company had cash balances at the end of the year totalling £5,953,000. There are no debt facilities in place and the directors are confident that the current funding structure is appropriate to allow the company to trade profitably, invest in the business to secure greater growth and to achieve its financial targets in the future.

This report was approved by the board on 9 December 2021 and signed on its behalf.



**C M C Kaufmann**  
Director

# BullGuard Limited

## Directors' Report For the Year Ended 31 December 2020

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The directors present their report together with the audited financial statements for the year ended 31 December 2020.

### Results and dividends

The statement of comprehensive income is set out on page 10 and shows the loss for the year.

The directors do not recommend the payment of a dividend (2019 - £Nil).

### Business review and future prospects

A business review and likely future developments in the business of the company are discussed in the strategic report.

### Directors

The directors who served during the year and subsequent to the year-end were:

C M C Kaufmann (appointed 27 November 2020)  
N M Adams (resigned 27 November 2020)  
P Lipman (resigned 27 November 2020)  
G K Sidjimkov (resigned 27 November 2020)

Subsequent to the year end, B S Ko was appointed as director on 21 June 2021.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 9 December 2021 and signed on its behalf.



**C M C Kaufmann**  
Director

# **BullGuard Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2020**

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The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# BullGuard Limited

## Independent Auditor's Report to the Member of BullGuard Limited

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### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Bullguard Limited ("the company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# BullGuard Limited

## Independent Auditor's Report to the Member of BullGuard Limited (continued)

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# BullGuard Limited

## Independent Auditor's Report to the Member of BullGuard Limited (continued)

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### 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 (UK) 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our testing included but was not limited to:

- Our audit planning identified fraud risks in relation to management override and risk of fraud in revenue recognition. We considered the processes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors that processes and controls.
- We performed testing on the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be a greater risk of susceptibility to fraud.
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, for example credit entries to revenue without a corresponding entry to trade receivables, cash, accrued income or deferred income as well as a focus on large and unusual transactions based on our knowledge of the business.
- We made enquiries of Management and those responsible for legal and compliance procedures as to whether there was any correspondence from regulators in so far as the correspondence related to financial statements.
- We performed revenue testing through a combination of verification to invoices, cash receipt and review over relevant IT systems within the revenue cycle in respect of the audit over the identified revenue fraud risk.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

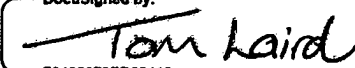
# BullGuard Limited

## Independent Auditor's Report to the Member of BullGuard Limited (continued)

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### Use of our report

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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**Tom Laird** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London

Date: 13 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## BullGuard Limited

### Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	4	15,165	14,446
Cost of sales		(5,718)	(4,853)
<b>Gross profit</b>		<b>9,447</b>	<b>9,593</b>
Administrative expenses		(17,185)	(11,623)
<b>Operating loss</b>	5	<b>(7,738)</b>	<b>(2,030)</b>
Exceptional income	6	-	3,937
Interest receivable and similar income	9	137	728
Interest payable and expenses	10	(271)	(225)
<b>(Loss)/profit before tax</b>		<b>(7,872)</b>	<b>2,410</b>
Tax on (loss)/profit	11	697	940
<b>(Loss)/profit for the financial year</b>		<b>(7,175)</b>	<b>3,350</b>

The notes on pages 13 to 29 form part of these financial statements.

**BullGuard Limited**  
Registered number: 04392368

**Statement of Financial Position**  
As at 31 December 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
<b>Fixed assets</b>					
Tangible assets	12		27		60
Investments	13		379		1,613
			<u>406</u>		<u>1,673</u>
<b>Current assets</b>					
Stocks	14	92		114	
Debtors: amounts falling due within one year	15	2,769		5,107	
Cash at bank and in hand	16	5,953		5,480	
		<u>8,814</u>		<u>10,701</u>	
Creditors: amounts falling due within one year	17	(20,974)		(17,430)	
<b>Net current liabilities</b>			<u>(12,160)</u>		<u>(6,729)</u>
<b>Total assets less current liabilities</b>			<u>(11,754)</u>		<u>(5,056)</u>
Creditors: amounts falling due after more than one year	18		(3,561)		(3,084)
<b>Net liabilities</b>			<u>(15,315)</u>		<u>(8,140)</u>
<b>Capital and reserves</b>					
Called up share capital	21		1		1
Share premium account	21		15,507		15,507
Profit and loss account	21		(30,823)		(23,648)
<b>Total equity</b>			<u>(15,315)</u>		<u>(8,140)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 December 2021.



**C M C Kaufmann**  
Director

The notes on pages 13 to 29 form part of these financial statements.

## BullGuard Limited

### Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2020	1	15,507	(23,648)	(8,140)
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(7,175)	(7,175)
<b>Total comprehensive loss for the year</b>	-	-	(7,175)	(7,175)
<b>At 31 December 2020</b>	<b>1</b>	<b>15,507</b>	<b>(30,823)</b>	<b>(15,315)</b>

### Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2019	1	15,503	(26,998)	(11,494)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,350	3,350
<b>Total comprehensive income for the year</b>	-	-	3,350	3,350
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	-	4	-	4
<b>Total transactions with owners</b>	-	4	-	4
<b>At 31 December 2019</b>	<b>1</b>	<b>15,507</b>	<b>(23,648)</b>	<b>(8,140)</b>

The notes on pages 13 to 29 form part of these financial statements.

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 1. General information

BullGuard Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Alpaca HoldCo GmbH as at 31 December 2020 and these financial statements may be obtained from Companies House by virtue of De Facto 2245 Limited.

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The financial statements have been prepared using the going concern basis. The directors have prepared a detailed forecast to the end of December 2022 and are satisfied that this indicates there are no reasonably foreseeable material uncertainties that would prevent the company from being able to meet its financial obligations for the foreseeable future.

As at 31 December 2020, the company had cash resources of £5,953,000 (2019 - £5,480,000), net current liabilities of £12,160,000 (2019 - £6,729,000) and net liabilities of £15,315,000 (2019 - £8,140,000). In the year to 31 December 2020, the company made a loss of £7,175,000 (2019 - profit of £3,350,000).

On 3 April 2021 the Company assigned its American customer contracts to NortonLifeLock Inc. , non-American customer contracts to NortonLifeLock Ireland Limited and transferred its related customer balances including deferred revenue at book value to NortonLifeLock Ireland Limited. The net proceeds of £2,673,935 was settled by a promissory note due to NortonLifeLock Ireland which matures on 2 April 2023 and bears interest at 2.63% annually. The company also entered into a non-exclusive licence with entities in the NortonLifeLock Group. The Company subsequently earns revenue from the royalty agreement. This royalty is based upon a percentage of revenue and the cost base for the Company is forecast to be relatively small. As at 30 September 2021, the Company has net liabilities of £5,531,556. The Company has received a letter of non-recall over its largest intercompany liability for the period of twelve months following the signing date of these financial statements. The facts and circumstances set out above are the basis for the Directors to continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 2.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and any expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Fixtures, fittings, tools and equipment	- 3 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

#### 2.5 Investments in subsidiaries

Investments in subsidiaries are recognised in the statement of financial position at cost less any provisions for impairment.

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.6 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'administrative expenses'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'administrative expenses'.

#### 2.7 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.8 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

#### 2.9 Finance costs

All interest bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

#### 2.10 Trade receivables

Receivables are recognised in the statement of financial position at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.11 Stock

Stock is recognised in the statement of financial position at the purchase price. Provisions are made for obsolete and slow moving products.

#### 2.12 Revenue

Revenue from the sale of software licenses is recognised in the income statement over the license period which is normally between 12 and 36 months. Revenues are recognised on a straight-line basis over the license period following activation by the end user. Revenue in connection with the sale of licenses to distributors or customers prior to activation is deferred until the start of the fixed license period.

If licence keys are not activated, then the company will recognise revenue from the purchase date, which is in line with the group's Terms of Business.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

#### 2.13 Cost of sales

Cost of sales comprises revenue share, placement fees, production costs relating to retail products, credit card collection fees, third party software license fees and sales agents fees.

#### 2.14 Administrative expenses

Administrative expenses comprise costs related to management, administrative and sales staff, office expenses, marketing, depreciation etc.

#### 2.15 Tax on ordinary activities

Tax for the year consists of current tax for the year and 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.

#### 2.16 Contribution to pension funds

Certain companies within the group make contributions to defined contribution schemes, the assets of these schemes are held separately from the assets of the company. Pension costs are charged against profits in respect of the accounting period in which they are paid.

#### 2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.19 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.20 Deferred taxation

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the statement of financial position date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax balances are not discounted.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earning or by set-off against deferred tax liabilities.

Deferred tax and liabilities are offset within the same legal tax entity.

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of turnover, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

In preparing these financial statements, the directors have made the following key judgements:

- Determine whether there are indicators of impairment of the company's tangible assets and investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determination of the useful economic lives of the tangible assets of the business, to ensure they are appropriate and in line with comparable assets in the software sector.
- Determination of the recognition and valuation of the deferred tax asset in relation to expected utilisation of losses in future periods.

### 4. Turnover

All turnover arose within the United Kingdom.

### 5. Operating loss

The operating loss is stated after charging:

	2020	2019
	£000	£000
Depreciation	52	150
Impairment of investments (see note 13)	1,234	-
Impairment of intercompany receivables (see note 15)	2,050	-
Auditors' remuneration		
- Audit services	75	72
- Accounts preparation	9	-
Tax services	16	13
Foreign exchange losses	305	207

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 6. Exceptional items

	2020 £000	2019 £000
Exceptional income	-	3,937
	<u>-</u>	<u>3,937</u>

The exceptional income in the prior year related to the increase in the proceeds for the sale of the IP held in relation to the 'Dojo' product which was sold to Bullguard Israel.

### 7. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	1,411	413
Social security costs	120	39
Cost of defined contribution scheme	21	4
	<u>1,552</u>	<u>456</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Employees	<u>3</u>	<u>3</u>

### 8. Directors' remuneration

The highest paid director received remuneration of £21,000 (2019 - £21,000).

### 9. Interest receivable

	2020 £000	2019 £000
Other interest receivable	<u>137</u>	<u>728</u>

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 10. Interest payable and similar expenses

	2020 £000	2019 £000
Other loan interest payable	271	225

### 11. Taxation

	2020 £000	2019 £000
<b>Corporation tax</b>		
Adjustments in respect of previous periods	13	-
<b>Total current tax</b>	13	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(594)	(940)
Adjustment in respect of prior periods	(3)	-
Effect of tax rate change on opening balance	(113)	-
<b>Total deferred tax</b>	(710)	(940)
<b>Taxation on loss on ordinary activities</b>	(697)	(940)

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
(Loss)/profit on ordinary activities before tax	(7,872)	2,410
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(1,496)	458
<b>Effects of:</b>		
Expenses not deductible for tax purposes	739	604
Adjustments to tax charge in respect of prior periods	13	-
Adjustments to tax charge in respect of prior periods - deferred tax	(3)	-
Remeasurement of deferred tax for changes in tax rates	(113)	(35)
Non-taxable income	-	(728)
Group relief	163	15
Deferred tax not recognised	-	(1,254)
<b>Total tax charge for the year</b>	<b>(697)</b>	<b>(940)</b>

#### Factors that may affect future tax charges

At 31 December 2020 the company have unrelieved tax losses of £7,957,770 (2019 - £4,885,545) and timing differences of £846,652 (2019 - £794,847) with a potential deferred tax asset of £1,672,840 (2019 - £962,500). At the 31 December 2020, the company has recognised a deferred tax asset of £1,672,840 (2019 - £962,500).

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 12. Tangible fixed assets

	Fixtures, fittings, tools and equipment £000
<b>Cost</b>	
At 1 January 2020	1,521
Additions	19
At 31 December 2020	<u>1,540</u>
<b>Depreciation</b>	
At 1 January 2020	1,461
Charge for the year	52
At 31 December 2020	<u>1,513</u>
<b>Net book value</b>	
At 31 December 2020	<u>27</u>
At 31 December 2019	<u>60</u>

Depreciation expense for the year is included within administrative expenses in the statement of comprehensive income.

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 13. Fixed asset investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2020	2,543
At 31 December 2020	<u>2,543</u>
<b>Accumulated impairment</b>	
At 1 January 2020	930
Charge for the year	1,234
At 31 December 2020	<u>2,164</u>
<b>Net book value</b>	
At 31 December 2020	<u>379</u>
At 31 December 2019	<u>1,613</u>

The impairment charge relates to the investment in Bullguard Denmark ApS and Bullguard Sverige AB and has been included in administration costs.

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 13. Fixed asset investments (continued)

#### Subsidiary undertakings

The following were subsidiary undertakings of the company at the balance sheet date:

Name	Registered office	Principal activity	Registered address	Holding
BullGuard ApS - Note 27(b)	Denmark	Software provider	c/o Mazars Erhversservice Aps Midtermolen 1, 2 TV, DK-2100 Kobenhavn Ø.	100%
BullGuard Danmark A/S - Note 27(b)	Denmark	Software provider	c/o Mazars Erhversservice Aps Midtermolen 1, 2 TV, DK-2100 Kobenhavn Ø.	100%
BullGuard Deutschland GmbH	Germany	Software provider	c/o Mazars Theodor-Stern-Kai 60596 Frankfurt.	100%
BullGuard Benelux	Belgium	Software provider	De Keyersertei 58-60 box 19, 2018 Antwerp.	100%
BullGuard UK Ltd	UK	Software provider	100 New Bridge Street, London, England, EC4V 6JA.	100%
BullGuard Sverige AB	Sweden	Software provider	c/o Mazars SET, Box 1317 111 83 Stockholm.	100%
Bullguard Software SRL	Romania	Software provider	Afi Park 5 Blvd, Timisoara, Nr. 4th floor, Sector 6, Bucuresti, Romania, Postal Code 061328.	100%
BullGuard Australia Pty Ltd	Australia	Software provider	c/o GW Accounting Unit 8, 174 Liverpool Road, Enfield NSW 2136.	100%
BullGuard US, Inc. - Note 27 (c)	US	Software provider	85 Chestnut Ridge Rd, Suite 114 Montvale, NJJ 07645.	100%
BullGuard Israel Ltd	Israel	Software provider	Ha'Menofim 10 St Herzliya	100%

### 14. Stocks

	2020 £000	2019 £000
Finished goods	92	114

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 15. Debtors: amounts falling due within one year

	2020 £000	2019 £000
Trade receivables	296	450
Receivables from group enterprises	368	3,181
Other receivables	69	90
Prepayments and accrued income	112	253
Corporation tax	-	13
Deferred taxation (see Note 19)	1,673	963
VAT receivable	251	157
	<u>2,769</u>	<u>5,107</u>

Amounts receivable from group enterprises are either unsecured, interest free and repayable on demand or bear interest at 5%.

Trade receivables and receivables from group enterprises are shown net of the provision for bad debt of £2,050,000 (2019 - £0).

### 16. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	<u>5,953</u>	<u>5,480</u>

### 17. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	518	617
Payable to group companies	7,553	5,877
Accruals	2,031	1,047
Deferred revenue	10,872	9,889
	<u>20,974</u>	<u>17,430</u>

Amounts payable to group enterprises are either unsecured, interest free and repayable on demand or bear interest at 5%.

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 18. Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Deferred revenue	3,561	3,084

### 19. Deferred taxation

	2020 £000
At beginning of year	963
Credited to profit or loss	710
<b>At end of year</b>	<b>1,673</b>

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	161	135
Losses and other deductions	1,512	828
	<u>1,673</u>	<u>963</u>

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 20. Share capital

	2020 £	2019 £
6,890,616 (2019 - 6,890,616) Ordinary shares of £0.00005 each	345	345
5,168,200 (2019 - 5,168,200) Series A Preferred shares of £0.00005 each	258	258
8,284,000 (2019 - 8,284,000) Series B Preferred shares of £0.00005 each	414	414
	<u>1,017</u>	<u>1,017</u>

The holders of ordinary shares, Series A preferred shares and Series B preferred shares are equally entitled to receive a dividend if any dividend is declared from the company.

On liquidation, reduction of capital, dissolution or winding up of the company the assets of the company available for distribution among the shareholders shall be applied strictly in the following order of priority:

- a) first, in payment to the holders of each Series B Preferred share an amount equal to two times the subscription price per Series B Preferred share held by them;
- b) second, in payment to the holders of each Series A Preferred share an amount equal to the subscription price per share Series B Preferred share held by them;
- c) thereafter each share shall participate in the remaining assets of the company available for distribution among the shareholders.

The Series B Preferred shares carry a preferential return on a sale. Out of the total consideration payable on a sale, the proceeds of sale shall be applied strictly in the following order of priority;

- a) first, in payment to the holders of each Series B Preferred share an amount equal to two times the subscription price per Series B Preferred share held by them;
- b) second, in payment to the holders of each Series A Preferred share an amount equal to the subscription price per share Series B Preferred share held by them;
- c) thereafter each share shall participate in the remaining assets of the company available for distribution among the shareholders.

### 21. Reserves

The company's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Share premium account

The share premium accounts includes the premium on issue of equity shares, net of any issue costs.

#### Retained earnings

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 22. Share based payments

The company operates an equity-settled share based payment remuneration scheme for employees over their £0.00005 ordinary shares.

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Outstanding at the beginning of the year	1.4	493,800	0.84	1,552,200
Exercised during the year	-	-	0.55	(633,999)
Cancelled during the year	1.4	(493,800)	0.65	(424,401)
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>1.4</b>	<b>493,800</b>

The exercise price of options outstanding at the end of the prior year was 1.4 pence and their weighted average contractual life was 7 years. There were no options outstanding at the end of 2020.

	On issuance 2020 Black- Scholes	On issuance 2019 Black- Scholes
Option pricing model used		
Weighted average share price (pence)	£0.014	£0.014
Exercise price (pence)	£0.014	£0.014
Weighted average contractual life (years)	10	10
Expected volatility	20%	20%
Risk-free interest rate	0.05%	0.05%

The Black-Scholes option pricing model was used to value the share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted. The volatility assumption was determined with reference comparable companies.

There was no share-based payment accounting charge in the current or prior year.

### 23. Pension commitments

The company operates several defined contribution pension schemes, the largest of which was in the discontinued business. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by both the employee and the company to the funds and amounted to £21,000 (2019 - £4,000). Employee and employer contributions totalling £1,000 (2019 - £2,000) were payable to the funds at the reporting date and are included in creditors.

# BullGuard Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 24. Commitments under operating leases

At 31 December 2020 and 2019, the company had no future minimum lease payments due under non-cancellable operating leases.

### 25. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the certain group companies on the grounds that 100% of the voting rights in the company are controlled by the group.

In the opinion of the directors, the directors are the key management personnel of the company.

### 26. Controlling party

The immediate parent company is De Facto 2245 Limited, registered in the England and Wales, with registered address of 100 New Bridge Street, London, England, EC4V 6JA.

The ultimate controlling party at the year end was Investcorp Holdings B.S.C (Kingdom of Bahrain).

The ultimate controlling party at the date of signing these financial statements was NortonLifeLock Inc.

### 27. Subsequent events

(a) On 8 January 2021 NortonLifeLock Inc, completed its acquisition of Alpaca Top Co. GmbH and Alpaca Hold Co GmbH (intermediary holding companies of Bullguard Limited). In connection with the acquisition the NortonLifeLock Group has undertaken an internal restructuring impacting the company as follows:

- On 1 April 2021 the company sold its 100% shareholding in BullGuard US Inc to NortonLifeLock Inc for USD\$1.
- On 3 April 2021 the company granted a non-exclusive licence to utilise intangible property rights for the Americas to NortonLifeLock Inc. and for the non-Americas to NortonLifeLock Ireland Ltd. in consideration for a royalty.
- On 3 April 2021 the Company assigned its American customer contracts to NortonLifeLock Inc. , non-American customer contracts to NortonLifeLock Ireland Limited and transferred its related customer balances including deferred revenue at book value to NortonLifeLock Ireland Limited. The net proceeds of £2,673,935 was settled by a promissory note due to NortonLifeLock Ireland which matures on 2 April 2023 and bears interest at 2.63% annually.

(b) On 5 July 2021 BullGuard Danmark A/s merged into BullGuard ApS effective from 1 January 2021, with BullGuard ApS surviving.

(c) On 8 October 2021 BullGuard US, Inc was dissolved.