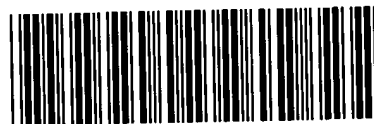


**REGISTERED NUMBER: 10161957 (England and Wales)**

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020  
FOR  
PROTECTED.NET GROUP LIMITED GROUP**

THURSDAY



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FOR THE YEAR ENDED 31 DECEMBER 2020**

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**PROTECTED.NET GROUP LIMITED GROUP**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**DIRECTORS:**

Mr C S Phillips  
Mr M L Blend  
Mr N G Baker  
Mr T D Kidambi

**SECRETARY:**

Gibson Whitter Secretaries Limited

**REGISTERED OFFICE:**

Larch House  
Parklands Business Park  
Denmead  
Hampshire  
PO7 6XP

**REGISTERED NUMBER:**

10161957 (England and Wales)

**AUDITORS:**

BDO LLP, Statutory Auditor  
Arcadia House  
Maritime Walk  
Ocean Village  
Southampton  
SO14 3TL

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their strategic report for the year ended 31st December 2020.

The Protected.net Group activities are predominantly through its flagship company, Protected.net Group Limited. The focus of Protected.net is to provide an all encompassing antivirus solution to its customers which provides robust and resilient protection against online threats. The remainder of the group is made up of Network Protect Limited, which offered a standalone VPN, through to the sale of its assets in August 2020.

The product offered by Protected.net consists of a core Antivirus software, with the ability to add and build up a security package based on those customer's needs. These additional products are managed consistently to ensure they provide a value added service to the customer base. This software is sold in either a monthly or annual subscription through three online brands, PC Protect, Scanguard & Total AV.

**REVIEW OF BUSINESS**

The directors are delighted to report that 2020 was a successful year for the group, with the business starting to achieve a positive EBITDA in Q3 and Q4. In line with expectations, the business remained loss making during the year, however as the business continues to grow and become more established we are confident that this will become profitable over the coming years.

In 2020, the business activities remained consistent with that of the previous year. The Group traded through Protected.net Group and Network Protect Limited providing Antivirus and Virtual Private Network (VPN) software packages respectively. Software is sold and delivered electronically to customers all over the world, transacting with its customers in GBP, EUR, USD, AUD and CAD. The Group continues to service all customers and operations from one office in the UK, utilising outsourced support teams based in different countries to best service the needs of our customers.

In 2020, the Group achieved a turnover of \$90.9m, up over 70% from the previous year. This can be attributed to two main reasons, firstly the business entering its fifth year of operation and as such was able to continue to see the effects of its renewing customer base. Renewal revenue increased by \$40.8m or 78.9% in this period. The second contributing factor to this increase in revenue can be highlighted due to the growth opportunities afforded by the Covid-19 pandemic. Throughout 2020 the business continued to invest in new business growth as it was available, with the company increasing its paid customer base by 45.5% from 2019. As a business we believe that as a result of the Covid-19 pandemic, more people were working from home and utilising their devices, which provided an engaged customer base and market.

Cost of sales increased to \$17.8m in 2020, up 46.7% from 2019. This highlights the cost efficiencies achieved from our renewing customer base when we compare this to the turnover increase from the same period. This can also be attributed to the cost savings analysis undertaken across key business functions throughout 2020. After discussions with suppliers we were able to negotiate significant discounts on certain costs of sales, resulting in a 17.5% saving from the 2019 financial year. These savings can be found when comparing the increase in gross margin from 77.2% to 80.4% in 2020. The business is continuing this cost saving exercise into 2021 with a real focus on improving efficiencies throughout our supply chain.

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**REVIEW OF BUSINESS (continued)**

Operating expenses rose by 49.6% to \$90.6m in the year to 2020, which is mainly marketing spend, incurred as a result of the business chasing growth in the first half of the year. A key KPI that the business uses to manage its success is the cost to acquire a customer (CTA). As mentioned above, with the COVID pandemic forcing more people to work from home we found that through the success of our affiliate and CPC marketing campaigns we were able to acquire customers at a reasonable CTA. This allowed the business to increase the customer base significantly safe in the knowledge that this will lead to increased renewal revenues from those customers in coming years.

Another key cost that increased in 2020 was staff costs, in a year where the COVID pandemic decimated many businesses Protected.net is proud to be able to say that all staff were retained in this period and that the vast majority of staff were able to work effectively from home when the pandemic began to take hold. The business was quick to react and ensure that all employees had the tools they needed; from desks to care packages to ensure morale was kept high in this difficult period. Not only was the business able to retain its staff base in 2020, we also were in a position to expand the workforce with staff numbers increasing to 56 employees in Dec 20 from 44 employees at Dec 19, this increase in headcount as well as the implementation of a company wide bonus scheme led to the increase in staff costs in the financial year.

In August 2020 the decision was taken to sell the customer base and assets of Network Protect Limited to a third party US based company. This decision was not taken lightly, but represented a small return on investment whilst reducing the risks that the Network Protect business provided. As a result of this, Network Protect's financial performance has been disclosed as a discontinued operation in the financial statements.

As a result of the above, the business recorded a loss of \$16.0m in 2020, down from a loss of \$19.3m in 2019. The losses in 2020 can be attributed to the deferred revenue impact of the annual subscriptions that the business sells. These subscriptions are released to the income statement on a daily recognition model whereas marketing and other costs to service the customer are acknowledged in the period where they happen. The deferred revenue balance at the end of December 2020 was \$47.4m, up \$17.7m from the previous year. As the business enters 2021 the directors are optimistic that with a larger renewing customer base the profit margins on these customers will increase and the business will be able to report profits in future periods. The business has continued its strong Q4 performance into Q1 2021, increasing its EBITDA by 5.9% in this period. In the same period the company has also increased its paid customer base by 11.5%.

The effect of Brexit on the company has been minimal to date, however, one of the key areas of concern was the UK MOSS VAT scheme ending on 31st December 2020. This was of significant impact as the business sells its antivirus software across Europe and has to declare VAT in each member state. Throughout 2020 the business looked at potential solutions for this issue and registered for VAT in Ireland. As a result of this the business is able to continue to access the MOSS scheme moving forwards.

The business has begun to achieve regular positive financial performance in the final quarter of 2020, which is forecasted to continue for the foreseeable future. In line with this the business has taken steps to ensure its long term future, for example, the business now holds a deposit of \$3m with one of our key marketing partners to ensure this continued relationship, we have also extended one of our major business relationships with the provider of our antivirus licenses through to 2025. In December 2020 the business was also able to secure a loan facility with our business banking partner, these funds have since been loaned on to a related company which has led to the increase in both Debtors and Creditors in the year.

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Principal risks and uncertainties that face the company are detailed below:

Foreign exchange rate fluctuations

As the company processes and charges our customer base in five different currencies but reports in USD, the business is open to financial risk due to fluctuations in exchange rates. Roughly 44% of our trade happens with North America, and as such significant fluctuations could have a material impact on our financial performance, such as increasing our costs of sales through merchant fees or simply the revenue collected in currencies other than USD being worth less. This has become of greater importance in the financial year to 2020 due to the company beginning to achieve positive EBITDA. With greater cash balances, the risk of foreign exchange differences increases. This potential exposure is managed through communication with our banking provider to ensure that funds are regularly moved across currencies when favourable rates can be achieved.

Merchant processing relationships

Managing the merchant processor relationships is vital for the ongoing success of the company as without these third parties we would not be able to charge our customers. We have a full UK based billing and risk team who are responsible for continually managing these relationships to ensure that compliance is being achieved and that full support processes and ongoing customer after care are provided to all customers.

Competition

Competition continues to be a key risk for the company, with a variety of alternatives for customers. This represents a key risk for the business as at the end of the customers contract term the company has no guaranteed future revenue from them. The business is able to mitigate this risk by performing analysis on our competitors' offerings as well as looking at new exciting features which would add an extra dimension to the packages currently offered.

Continued impact of Covid-19

The ongoing uncertainty from Covid-19 represents both a risk and opportunity to the business, as with more working remotely and active on their devices there is potential for the company to improve its customer base. Should the economy struggle and this have an impact on the public's disposable income, there is a risk that the software provided may not be seen as an essential item. This risk is continually managed by the management team to ensure that the product we are providing is not only affordable but adds value and much needed security for our customer base.

Employee retention risk

This risk is managed, along with other practices, evaluation and improvement of employee job roles and responsibilities. As well as ensuring that employees are treated with respect and paid at a competitive rate we strive to provide a safe and enjoyable work environment for all employees.

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**SECTION 172(1) STATEMENT**

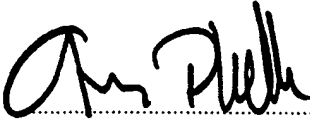
The board of directors consider that they have acted in good faith to promote the success of the company for the benefit of its members as a whole.

Key decisions are the responsibility of the board and include decisions with a significant financial impact in addition to fundamental changes to the way the business operates as a whole. All decisions are taken with a forward looking approach with a key focus being the future profitability of the group.

The Board regularly reviews the company's strategy in the interests of its members and other key stakeholders to ensure that all key decisions and policies are in line with this and the ongoing success of the Group. The board of directors have cultivated relationships with some of the Groups key suppliers over a number of years, both in these businesses and through prior experiences. Maintaining these relationships is a key focus of the board of directors. Customer privacy is of vital importance to business and is continually managed by the management team and board of directors, details on our privacy policy can be found at <https://www.totalav.com/privacy>.

The Group is committed to providing all employees with a great working environment, as well as providing growth opportunities throughout the business. The group has a number of robust policies for all employees designed to give employees the freedom to perform well in their role as well as providing them the support they need and the opportunity to improve through external training at both a technical and personal level. In addition to monitoring the above, policies are regularly reviewed by both the Board and HR to ensure that company-wide updates are reflected, and that all employees are being treated fairly and paid competitively.

**ON BEHALF OF THE BOARD:**



Mr C S Phillips - Director

Date: 28/5/21

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2020.

**RESEARCH AND DEVELOPMENT**

The company has performed no taxable reclaims in the areas of research and development to date. The business does continue to explore these avenues should this change in the future.

**FUTURE DEVELOPMENTS**

The company continues to focus on growing its paid customer base through existing marketing platforms and channels as well as working both internally and externally to widen the software offerings that it can provide to its customers.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

Mr C S Phillips  
Mr M L Blend  
Mr C Ursini  
Mr N G Baker

Other changes in directors holding office are as follows:

Mr J Civantos - resigned 1 January 2020  
Mr S G Lamb - resigned 30 September 2020  
Mr T D Kidambi - appointed 13 November 2020

Mr C Ursini ceased to be a director after 31 December 2020 but prior to the date of this report.

**FINANCIAL INSTRUMENTS**

The Group has not historically engaged in any hedging transaction, forex risk is managed internally by the senior management team whereby funds are moved between currency as needed, or should the relevant exchange rate be deemed advantageous.

The Group do not foresee any ongoing liquidity or cash flow risks. As mentioned in the strategic report, the group began to turn a positive EBITDA in Q3 and Q4 of 2020 which has continued into 2021. The group has forecasted through to 2023, which continues to show significant growth in both EBITDA and cash reserves. As mentioned in the Strategic Report the business experienced growth during the COVID-19 pandemic as a result of customers being more engaged and active on their devices during the lockdown period. Customers that signed up in this period are being consistently monitored to ensure that future cash flows can be expected from this cohort of customers.

**POST BALANCE SHEET EVENTS**

There are no post balance sheet events to report. The impact of COVID-19 has been considered in the strategic report.

**DIRECTORS' INDEMNITY INSURANCE**

There are no directors' indemnification arrangements.

**COVID-19**

The business is fortunate to have suffered minimal adverse effects as a result of the COVID pandemic. As a business we found that we were able to increase our customer base throughout the year, which is partly attributable to more people working from home and using their devices. Whilst our offices were required to close, we were able to provide our staff with all of the required tools to work effectively from home. With the offices closed, we did have to furlough some of our office based staff, the total amount claimed in the year to December 20 was \$30,325.



**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

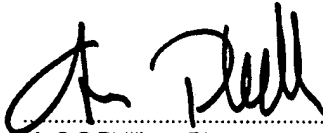
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, BDO LLP, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



Mr C S Phillips - Director

Date: 28/5/21

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PROTECTED.NET GROUP LIMITED GROUP**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2020 and of the group's 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 Protected.Net Group Limited Group (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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 group's and the parent 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.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Directors 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PROTECTED.NET GROUP LIMITED GROUP**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of Directors' Responsibilities set out on page seven, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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 a Report of the Auditors 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***

We designed audit procedures to respond to the risk, 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.

Procedures performed by the group audit team included:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations; and
- Assessing journals entries as part of our planned audit approach. Evaluation of management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considering that the principal risk were related to the posting of inappropriate journal entries to improve the result before tax for the year.

There are inherent limitations in the audit procedures described above 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 would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PROTECTED.NET GROUP LIMITED GROUP**

**Use of our report**

This report is made solely to the company's members, 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 members those matters we are required to state to them in a Report of the Auditors 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Arbinder Chatwal*

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Arbinder Chatwal (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor  
Arcadia House  
Maritime Walk  
Ocean Village  
Southampton  
SO14 3TL

Date: **31 May 2021**

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

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	31.12.20 Continuing \$	31.12.20 Discontinued \$	31.12.20 Total \$
<b>TURNOVER</b>	3	89,832,372	1,097,307	90,929,679
Cost of sales		<u>(17,608,616)</u>	<u>(256,796)</u>	<u>(17,865,412)</u>
<b>GROSS PROFIT</b>		72,223,756	840,511	73,064,267
Administrative expenses		<u>(89,941,700)</u>	<u>(666,388)</u>	<u>(90,608,088)</u>
		(17,717,944)	174,123	(17,543,821)
Other operating income		<u>379,575</u>	<u>1,603,138</u>	<u>1,982,713</u>
<b>OPERATING (LOSS)/PROFIT</b>	5	(17,338,369)	1,777,261	(15,561,108)
Amounts written off investments		-	-	-
Interest payable and similar expenses	7	<u>(434,852)</u>	<u>-</u>	<u>(434,852)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(17,773,221)	1,777,261	(15,995,960)
Tax on (loss)/profit	8	<u>-</u>	<u>-</u>	<u>-</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u>(17,773,221)</u>	<u>1,777,261</u>	<u>(15,995,960)</u>
(Loss)/profit attributable to: Owners of the parent				<u>(15,995,960)</u>

The notes form part of these financial statements

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

		31.12.19 Continuing	31.12.19 Discontinued	31.12.19 Total as restated
	Notes	\$	\$	\$
<b>TURNOVER</b>	<b>3</b>	53,013,641	448,798	53,462,439
Cost of sales		<u>(11,863,123)</u>	<u>(309,315)</u>	<u>(12,172,438)</u>
<b>GROSS PROFIT</b>		41,150,518	139,483	41,290,001
Administrative expenses		<u>(58,759,624)</u>	<u>(1,803,807)</u>	<u>(60,563,431)</u>
		<u>(17,609,106)</u>	<u>(1,664,324)</u>	<u>(19,273,430)</u>
Other operating income		16,705	-	16,705
<b>OPERATING LOSS and LOSS BEFORE TAXATION</b>		<u>(17,592,401)</u>	<u>(1,664,324)</u>	<u>(19,256,725)</u>
Tax on loss	8	-	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(17,592,401)</u>	<u>(1,664,324)</u>	<u>(19,256,725)</u>
Loss attributable to: Owners of the parent				<u>(19,256,725)</u>

The notes form part of these financial statements

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	31.12.20	31.12.19 as restated
Notes	\$	\$
<b>LOSS FOR THE YEAR</b>	(15,995,960)	(19,256,725)
<b>OTHER COMPREHENSIVE INCOME</b>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>(19,886,740)</u>	<u>(21,810,034)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(19,886,740)</u>	<u>(21,810,034)</u>

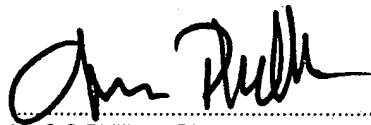
The notes form part of these financial statements

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

CONSOLIDATED BALANCE SHEET  
31 DECEMBER 2020

		31.12.20	31.12.19 as restated
	Notes	\$	\$
<b>FIXED ASSETS</b>			
Intangible assets	12	-	20,000
Tangible assets	13	323,727	247,318
Investments	14	-	-
		<u>323,727</u>	<u>267,318</u>
<b>CURRENT ASSETS</b>			
Debtors	15	19,031,325	4,094,842
Cash at bank		<u>6,244,206</u>	<u>6,853,573</u>
		25,275,531	10,948,415
<b>CREDITORS</b>			
Amounts falling due within one year	16	<u>67,074,896</u>	<u>45,195,411</u>
<b>NET CURRENT LIABILITIES</b>		<u>(41,799,365)</u>	<u>(34,246,996)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(41,475,638)</u>	<u>(33,979,678)</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	17	<u>8,500,000</u>	-
<b>NET LIABILITIES</b>		<u>(49,975,638)</u>	<u>(33,979,678)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	21,073	21,073
Share premium	22	40,953,853	40,953,853
Profit and loss account	22	<u>(90,950,564)</u>	<u>(74,954,604)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>(49,975,638)</u>	<u>(33,979,678)</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 28/5/21 and were signed on its behalf by:



Mr C S Phillips - Director

The notes form part of these financial statements

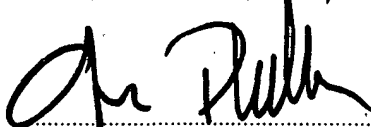


PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

COMPANY BALANCE SHEET  
31 DECEMBER 2020

		31.12.20	31.12.19 as restated
	Notes	\$	\$
<b>FIXED ASSETS</b>			
Intangible assets	12	-	-
Tangible assets	13	323,727	247,318
Investments	14	656	656
		<u>324,383</u>	<u>247,974</u>
<b>CURRENT ASSETS</b>			
Debtors	15	18,954,508	5,475,345
Cash at bank		<u>5,645,266</u>	<u>6,499,438</u>
		24,599,774	11,974,783
<b>CREDITORS</b>			
Amounts falling due within one year	16	<u>66,531,429</u>	<u>44,522,655</u>
<b>NET CURRENT LIABILITIES</b>		<u>(41,931,655)</u>	<u>(32,547,872)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(41,607,272)</u>	<u>(32,299,898)</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	17	<u>8,500,000</u>	-
<b>NET LIABILITIES</b>		<u>(50,107,272)</u>	<u>(32,299,898)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	21,073	21,073
Share premium	22	40,953,853	40,953,853
Profit and loss account	22	<u>(91,082,198)</u>	<u>(73,274,824)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>(50,107,272)</u>	<u>(32,299,898)</u>
Company's loss for the financial year		<u>(17,807,374)</u>	<u>(17,592,401)</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 18/5/21 and were signed on its behalf by:



Mr C S Phillips - Director

The notes form part of these financial statements

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital \$	Profit and loss account \$	Share premium \$	Total equity \$
<b>Balance at 1 January 2019</b>	21,073	(53,144,570)	40,953,853	(12,169,644)
Prior year adjustment (see note 10)	<u>-</u>	<u>(2,553,309)</u>	<u>-</u>	<u>(2,553,309)</u>
<b>As restated</b>	<u>21,073</u>	<u>(55,697,879)</u>	<u>40,953,853</u>	<u>(14,722,953)</u>
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>(15,365,945)</u>	<u>-</u>	<u>(15,365,945)</u>
<b>Balance at 31 December 2019</b>	<u>21,073</u>	<u>(71,063,824)</u>	<u>40,953,853</u>	<u>(30,088,898)</u>
Prior year adjustment (see note 10)	<u>-</u>	<u>(3,890,780)</u>	<u>-</u>	<u>(3,890,780)</u>
<b>As restated</b>	<u>21,073</u>	<u>(74,954,604)</u>	<u>40,953,853</u>	<u>(33,979,678)</u>
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>(15,995,960)</u>	<u>-</u>	<u>(15,995,960)</u>
<b>Balance at 31 December 2020</b>	<u>21,073</u>	<u>(90,950,564)</u>	<u>40,953,853</u>	<u>(49,975,638)</u>

The notes form part of these financial statements

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital \$	Profit and loss account \$	Share premium \$	Total equity \$
<b>Balance at 1 January 2019</b>	21,073	(53,129,114)	40,953,853	(12,154,188)
Prior year adjustment (see note 10)	<u>-</u>	<u>(2,553,309)</u>	<u>-</u>	<u>(2,553,309)</u>
<b>As restated</b>	<u>21,073</u>	<u>(55,682,423)</u>	<u>40,953,853</u>	<u>(14,707,497)</u>
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>(13,701,621)</u>	<u>-</u>	<u>(13,701,621)</u>
<b>Balance at 31 December 2019</b>	<u>21,073</u>	<u>(69,384,044)</u>	<u>40,953,853</u>	<u>(28,409,118)</u>
Prior year adjustment (see note 10)	<u>-</u>	<u>(3,890,780)</u>	<u>-</u>	<u>(3,890,780)</u>
<b>As restated</b>	<u>21,073</u>	<u>(73,274,824)</u>	<u>40,953,853</u>	<u>(32,299,898)</u>
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>(17,807,374)</u>	<u>-</u>	<u>(17,807,374)</u>
<b>Balance at 31 December 2020</b>	<u>21,073</u>	<u>(91,082,198)</u>	<u>40,953,853</u>	<u>(50,107,272)</u>

The notes form part of these financial statements

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

		31.12.20	31.12.19 as restated
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>(1,159,419)</u>	<u>(1,575,536)</u>
Net cash from operating activities		<u>(1,159,419)</u>	<u>(1,575,536)</u>
 <b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(217,706)	(171,233)
Sale of intangible fixed assets		1,500,000	-
Loans advanced to group		<u>(10,059,719)</u>	<u>-</u>
Net cash from investing activities		<u>(8,777,425)</u>	<u>(171,233)</u>
 <b>Cash flows from financing activities</b>			
New bank loans		10,000,000	-
New group or shareholder loans		10,999,947	-
Group or shareholder loan repayments		(11,237,618)	-
Loan interest paid		<u>(434,852)</u>	<u>-</u>
Net cash from financing activities		<u>9,327,477</u>	<u>-</u>
 <b>Decrease in cash and cash equivalents</b>		<u>(609,367)</u>	<u>(1,746,769)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>6,853,573</u>	<u>8,600,342</u>
 <b>Cash and cash equivalents at end of year</b>	2	<u><u>6,244,206</u></u>	<u><u>6,853,573</u></u>

The notes form part of these financial statements

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.12.20	31.12.19 as restated
	\$	\$
Loss before taxation	(15,995,960)	(19,256,725)
Depreciation charges	141,298	113,325
Profit on disposal of fixed assets	(1,580,000)	-
Finance costs	<u>434,852</u>	<u>-</u>
	(16,999,810)	(19,143,400)
Increase in trade and other debtors	(4,776,764)	(1,309,783)
Increase in trade and other creditors	<u>20,617,155</u>	<u>18,877,647</u>
<b>Cash generated from operations</b>	<u><b>(1,159,419)</b></u>	<u><b>(1,575,536)</b></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of bank balances and available merchant account balances. These are analysed below:

	31.12.20	31.12.19
	£	£
Bank accounts balances	4,444,192	4,162,688
Available merchant account balances	<u>1,800,014</u>	<u>3,140,885</u>
	<u><b>6,244,206</b></u>	<u><b>6,853,573</b></u>

**3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)**

	At 1.1.20	Cash flow	At 31.12.20
	\$	\$	\$
<b>Net cash</b>			
Cash at bank	<u>6,853,573</u>	<u>(609,367)</u>	<u>6,244,206</u>
	<u>6,853,573</u>	<u>(609,367)</u>	<u>6,244,206</u>
<b>Debt</b>			
Debts falling due within 1 year	-	(1,500,000)	(1,500,000)
Debts falling due after 1 year	<u>-</u>	<u>(8,500,000)</u>	<u>(8,500,000)</u>
	<u>-</u>	<u>(10,000,000)</u>	<u>(10,000,000)</u>
<b>Total</b>	<u><b>6,853,573</b></u>	<u><b>(10,609,367)</b></u>	<u><b>(3,755,794)</b></u>

The notes form part of these financial statements

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**1. STATUTORY INFORMATION**

Protected.Net Group Limited Group is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company's balance sheet at the year end shows net current liabilities and net liabilities. This position is principally due to deferred income totalling \$40,808K. The deferred income will be released to the income statement during the next year. The company has the continued financial support of its parent entity for the foreseeable future to meet its liabilities as they fall due.

The business continues to operate under the intention to continue as a going concern for the foreseeable future. The business experienced strong positive EBITDA in the final quarter of 2020, which has continued into Q1 2021. The business has also secured new terms with key suppliers to ensure the long term viability of its products.

Management have considered the impact of the COVID-19 pandemic to the business and its customers in reaching this decision. The business has an accurate forecasting model which is updated regularly to account for any changes to sales and other key metrics to see how these would affect future financial performance. The effect of the pandemic on our customers and the wider economy is considered when setting our pricing to ensure that our products remain affordable and provide good value. The company has taken advantage of the coronavirus job retention scheme as well as VAT deferral provided by the government. The VAT element has been repaid in full in 2021.

On this basis the directors have prepared the financial statements on the going concern basis.

The financial statements are prepared in USD, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiary undertakings.

The financial statements of the subsidiary undertakings included within the consolidated figures are adjusted, where appropriate, to conform to Group accounting policies.

The consolidated financial statements include the following subsidiaries which have claimed exemption from audit under Section 479A of the Companies Act 2006:

<b>Company Name</b>	<b>Registered Number</b>
Network Protect Limited	11436112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

**Turnover**

We generate revenue predominantly from selling subscriptions to our Anti-Virus software package. The subscriptions that we offer are similar across all of our brands and are provided under our terms and conditions which can be found online. These subscriptions are sold in two available terms, monthly or annual. Revenue is calculated and recognised to the income statement on a daily basis, which deducts from deferred revenue. Deferred revenue represents the liability to our subscribers for software services billed in advance and not yet provided.

Previously subscriptions were deferred on a monthly basis with a full months subscription recognised in the month the subscription was subscribed for. See note 10 for effect on previously reported figures.

We have included a refund reserve of \$0.5m at 31 December 2020 (\$0.8m at 31 December 2019). Based on refund history, approximately 93% of refunds are processed within 30 days of a customer's contract starting or renewing, and approximately 99% of refunds happen within 90 days of the transaction date.

Previously no provision for refunds was included in the financial statements. See note 10 for effect on previously reported figures.

**Other income**

Other income is made up of sales of Antivirus directly through Google Play and App Store, Coronavirus Job Retention Scheme grants and the profit on disposal of Network Protect Limited's assets. Other income is recognised on a receivable basis.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Domain names are being amortised evenly over their estimated useful life of ten years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 25% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 33% on cost

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

**Financial assets**

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

**Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

**Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

**Shareholders loans**

Loans given to or by group are included in the financial statements at cost less and provision for bad or doubtful debts.

**Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In respect of revenue recognition management have considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 Revenue and, in particular, the degree of involvement the company has over the subscription term. In respect of the antivirus service (including the sale of add-ons), the directors are satisfied that the company is involved in the provision of the service over the life of the subscription term and therefore revenue is recognised ratably over the service period.

A provision is made for refunds. The business is able to accurately forecast how many of its customers will request a refund in the post year end period. As a result of this, the percentage has been applied to revenues collected in December to give a fair view.

A liability has been included for sales tax on sales outside the United Kingdom. This has been estimated using sales data by territory and applying a sales tax rate for each territory which is publicly available information.



**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	31.12.20	31.12.19 as restated
	\$	\$
United Kingdom	14,168,424	8,452,039
Europe	27,685,615	19,393,241
North America	40,413,448	20,362,874
Rest of World	<u>8,662,192</u>	<u>5,254,285</u>
	<u><u>90,929,679</u></u>	<u><u>53,462,439</u></u>

**4. EMPLOYEES AND DIRECTORS**

	31.12.20	31.12.19 as restated
	\$	\$
Wages and salaries	3,004,575	1,662,930
Social security costs	276,235	174,275
Other pension costs	<u>130,034</u>	<u>31,280</u>
	<u><u>3,410,844</u></u>	<u><u>1,868,485</u></u>

The average number of employees during the year was as follows:

	31.12.20	31.12.19 as restated
Direct	41	32
Administration	<u>6</u>	<u>5</u>
	<u><u>47</u></u>	<u><u>37</u></u>

	31.12.20	31.12.19 as restated
	\$	\$
Directors' remuneration	52,853	-
Directors' pension contributions to money purchase schemes	<u>47,744</u>	<u>-</u>

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**5. OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	31.12.20	31.12.19 as restated
	\$	\$
Other operating leases	549,458	465,479
Depreciation - owned assets	141,297	110,826
Domain names amortisation	-	2,500
Foreign exchange differences	<u>134,514</u>	<u>(16,705)</u>

**6. AUDITORS' REMUNERATION**

	31.12.20	31.12.19 as restated
	\$	\$
Fees payable to the company's auditors for the audit of the company's financial statements	208,000	8,450
Other non- audit services	<u>52,000</u>	<u>-</u>

	31.12.20	31.12.19
	\$	\$

Fees payable to the company's auditors and associates:

<b>For audit services</b>		
Audit of the financial statements of the group and company	208,000	6,550
Audit of the financial statements of the company's subsidiaries	<u>-</u>	<u>1,900</u>
	<u>208,000</u>	<u>8,450</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.20	31.12.19 as restated
	\$	\$
Other interest payable	<u>434,852</u>	<u>-</u>

**8. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 December 2020 nor for the year ended 31 December 2019.

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**8. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.20	31.12.19 as restated
	\$	\$
Loss before tax:	<u>(15,995,960)</u>	<u>(19,256,725)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(3,039,232)	(3,658,778)
Effects of:		
Expenses not deductible for tax purposes	380	86,850
Capital allowances in excess of depreciation	(8,264)	(5,867)
Deferred tax not recognised on losses	<u>3,047,116</u>	<u>3,577,795</u>
Total tax charge	<u>-</u>	<u>-</u>

**9. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**10. PRIOR YEAR ADJUSTMENT**

The group has restated its previously reported profit or loss and consequently shareholders' funds as a result of the following accounting policy changes:

- 1) Subscription revenue is now recognised on a daily basis whereas previously this was done on a monthly basis. The effect of this change is a decrease to the previously reported turnover for the year ended 31 December 2019 and 2018 of \$3,061,349 and \$1,808,762 respectively. The other impact was to increase current liabilities (deferred income) by the same amount.
- 2) No provision for refunds had previously be included in the financial statements. The effect of this change is a decrease to the previously reported turnover for the year ended 31 December 2019 and 2018 of \$829,431 and \$744,546 respectively. The other impact was to increase current liabilities (other creditors) by the same amount.

A summary of these changes is shown below.

	31.12.19	31.12.18
	\$	\$
Adjustment to turnover for change to daily basis of income recognition	(3,061,349)	(1,808,763)
Adjustment to turnover for refunds provision	<u>(829,431)</u>	<u>(744,546)</u>
Total adjustment to turnover and retained profits	(3,890,780)	(2,553,309)
Total equity brought forward as previously stated	<u>(30,088,898)</u>	<u>(12,169,644)</u>
Total equity brought forward as restated	<u>(33,979,678)</u>	<u>(14,722,953)</u>

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. DISCONTINUED OPERATIONS**

On 13 August 2020 a subsidiary, Network Protect Limited, sold its business and assets for \$1,600,000. The assets disposed of represented intangible fixed assets which at the date of disposal had a net book value of \$20,000. The profit in disposal was \$1,580,000 and is included within other operating income.

**12. INTANGIBLE FIXED ASSETS**

**Group**

	Domain names \$
<b>COST</b>	
At 1 January 2020	25,000
Disposals	<u>(25,000)</u>
At 31 December 2020	<u>-</u>
<b>AMORTISATION</b>	
At 1 January 2020	5,000
Eliminated on disposal	<u>(5,000)</u>
At 31 December 2020	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>20,000</u>

**13. TANGIBLE FIXED ASSETS**

**Group**

	Improvements to property \$	Fixtures and fittings \$	Computer equipment \$	Totals \$
<b>COST</b>				
At 1 January 2020	82,351	34,781	321,507	438,639
Additions	<u>117,654</u>	<u>30,019</u>	<u>70,033</u>	<u>217,706</u>
At 31 December 2020	<u>200,005</u>	<u>64,800</u>	<u>391,540</u>	<u>656,345</u>
<b>DEPRECIATION</b>				
At 1 January 2020	12,157	4,973	174,191	191,321
Charge for year	<u>36,491</u>	<u>13,303</u>	<u>91,503</u>	<u>141,297</u>
At 31 December 2020	<u>48,648</u>	<u>18,276</u>	<u>265,694</u>	<u>332,618</u>
<b>NET BOOK VALUE</b>				
At 31 December 2020	<u>151,357</u>	<u>46,524</u>	<u>125,846</u>	<u>323,727</u>
At 31 December 2019	<u>70,194</u>	<u>29,808</u>	<u>147,316</u>	<u>247,318</u>

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**13. TANGIBLE FIXED ASSETS - continued**

<b>Company</b>	<b>Improvements to property \$</b>	<b>Fixtures and fittings \$</b>	<b>Computer equipment \$</b>	<b>Totals \$</b>
<b>COST</b>				
At 1 January 2020	82,351	34,781	321,507	438,639
Additions	<u>117,654</u>	<u>30,019</u>	<u>70,033</u>	<u>217,706</u>
At 31 December 2020	<u>200,005</u>	<u>64,800</u>	<u>391,540</u>	<u>656,345</u>
<b>DEPRECIATION</b>				
At 1 January 2020	12,157	4,973	174,191	191,321
Charge for year	<u>36,491</u>	<u>13,303</u>	<u>91,503</u>	<u>141,297</u>
At 31 December 2020	<u>48,648</u>	<u>18,276</u>	<u>265,694</u>	<u>332,618</u>
<b>NET BOOK VALUE</b>				
At 31 December 2020	<u>151,357</u>	<u>46,524</u>	<u>125,846</u>	<u>323,727</u>
At 31 December 2019	<u>70,194</u>	<u>29,808</u>	<u>147,316</u>	<u>247,318</u>

**14. FIXED ASSET INVESTMENTS**

<b>Company</b>	<b>Shares in group undertakings \$</b>
<b>COST</b>	
At 1 January 2020 and 31 December 2020	<u>656</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>656</u>
At 31 December 2019	<u>656</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries**

**PC Protect Antivirus Limited**

Registered office: Larch House, Parklands Business Park, Denmead, Hampshire, PO7 6XP

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

**Scanguard Antivirus Limited**

Registered office: Larch House, Parklands Business Park, Denmead, Hampshire, PO7 6XP

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**14. FIXED ASSET INVESTMENTS - continued**

**Protected Antivirus Limited**

Registered office: Larch House, Parklands Business Park, Denmead, Hampshire, PO7 6XP

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

**TotalAV Antivirus Limited**

Registered office: Larch House, Parklands Business Park, Denmead, Hampshire, PO7 6XP

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

**Cyber Security Service LLC**

Registered office: 16-18 Barnes Wallis Road, Segensworth, Fareham, Hampshire, PO15 5TT

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

**Protected.net LLC**

Registered office: 16-18 Barnes Wallis Road, Segensworth, Fareham, Hampshire, PO15 5TT

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

**Network Protect Limited**

Registered office: Larch House, Parklands Business Park, Denmead, Hampshire, PO7 6XP

Nature of business: Online retail of VPN service

	%
Class of shares:	holding
Ordinary	100.00

	31.12.20	31.12.19
	\$	\$
Aggregate capital and reserves	97,612	(1,679,649)
Profit/(loss) for the year	<u>1,777,261</u>	<u>(1,664,325)</u>

**Network Protect LLC**

Registered office: Registered office: 16-18 Barnes Wallis Road, Segensworth, Fareham, Hampshire, PO15 5TT

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	31.12.20	31.12.19 as restated	31.12.20	31.12.19 as restated
	\$	\$	\$	\$
Amounts falling due within one year:				
Trade debtors	-	9,370	-	11,870
Amounts owed by group undertakings	-	-	6,226	1,479,517
Other debtors	5,558,375	3,988,662	5,482,253	3,888,965
Prepayments and accrued income	53,902	14,118	51,021	13,421
Prepayments	359,329	82,692	355,289	81,572
Deposits	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>	<u>-</u>
	<u><u>8,971,606</u></u>	<u><u>4,094,842</u></u>	<u><u>8,894,789</u></u>	<u><u>5,475,345</u></u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	<u>10,059,719</u>	<u>-</u>	<u>10,059,719</u>	<u>-</u>
Aggregate amounts	<u><u>19,031,325</u></u>	<u><u>4,094,842</u></u>	<u><u>18,954,508</u></u>	<u><u>5,475,345</u></u>

The amounts owed by group undertakings included above at 31 December 2020 represents a loan which is expected to be repaid within a maximum of three years. Interest will be charged on this loan at 3.5% per annum.

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.20	31.12.19 as restated	31.12.20	31.12.19 as restated
	\$	\$	\$	\$
Bank loans and overdrafts (see note 18)	1,500,000	-	1,500,000	-
Trade creditors	3,004,341	3,053,339	2,991,247	2,921,123
Social security and other taxes	124,103	57,876	124,103	57,876
VAT	7,869,285	6,720,459	7,824,379	6,700,935
Other creditors	1,010,351	879,279	575,768	872,775
Shareholder loans	-	237,671	-	237,671
Deferred income	47,430,900	29,703,831	47,430,900	29,442,494
Accrued expenses	<u>6,135,916</u>	<u>4,542,956</u>	<u>6,085,032</u>	<u>4,289,781</u>
	<u><u>67,074,896</u></u>	<u><u>45,195,411</u></u>	<u><u>66,531,429</u></u>	<u><u>44,522,655</u></u>

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.20	31.12.19 as restated	31.12.20	31.12.19 as restated
	\$	\$	\$	\$
Bank loans (see note 18)	<u>8,500,000</u>	<u>-</u>	<u>8,500,000</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.20	31.12.19 as restated	31.12.20	31.12.19 as restated
	\$	\$	\$	\$
Amounts falling due within one year or on demand:				
Bank loans	<u>1,500,000</u>	-	<u>1,500,000</u>	-
Amounts falling due between two and five years:				
Bank loans	<u>8,500,000</u>	-	<u>8,500,000</u>	-

The company's bank loan is repayable by instalments over three years. The loan terminates on the third anniversary of the agreement - 17 December 2023. Interest is payable based LIBOR plus a margin of between 3.5% and 7.5% depending on cash EBITDA. The loan is secured over the company's assets and other group entities.

19. SECURED DEBTS

The following secured debts are included within creditors:

	Company	
	31.12.20	31.12.19 as restated
	\$	\$
Bank loans	<u>10,000,000</u>	-

20. FINANCIAL INSTRUMENTS

The group's financial instruments may be analysed as follows:

	31.12.20 £	31.12.19 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>21,916,202</u>	<u>10,865,723</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>20,150,608</u>	<u>8,713,778</u>

Financial assets measured at amortised costs comprise cash, trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised costs comprise trade creditors, other creditors, shareholder loans and accrued expenses.



**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**21. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	31.12.20	31.12.19 as restated
Number:	Class:			
			\$	\$
7,992,009	Class A preference	£0.00 1	10,558	10,558
7,960,105	Class B ordinary	£0.00 1	<u>10,515</u>	<u>10,515</u>
			<u>21,073</u>	<u>21,073</u>

**22. RESERVES**

**Group**

	Profit and loss account \$	Share premium \$	Totals \$
At 1 January 2020	(71,063,824)	40,953,853	(30,109,971)
Prior year adjustment	<u>(3,890,780)</u>		<u>(3,890,780)</u>
	(74,954,604)		(34,000,751)
Deficit for the year	<u>(15,995,960)</u>		<u>(15,995,960)</u>
At 31 December 2020	<u>(90,950,564)</u>	<u>40,953,853</u>	<u>(49,996,711)</u>

**Company**

	Profit and loss account \$	Share premium \$	Totals \$
At 1 January 2020	(69,384,044)	40,953,853	(28,430,191)
Prior year adjustment	<u>(3,890,780)</u>		<u>(3,890,780)</u>
	(73,274,824)		(32,320,971)
Deficit for the year	<u>(17,807,374)</u>		<u>(17,807,374)</u>
At 31 December 2020	<u>(91,082,198)</u>	<u>40,953,853</u>	<u>(50,128,345)</u>

**PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**23. RELATED PARTY DISCLOSURES**

**Group**

During the year the group was charged rent, management fees and other staff costs by Just Develop It Limited and its subsidiaries (JDI Property Holdings Limited and Skylark Golf & Country Club Limited), a group with common directors, totalling \$646,060 (31.12.19: \$616,667).

The aggregate amount owed to Just Develop It Limited and its subsidiaries, a company with common directors, at the balance sheet date is \$89,464 (31.12.19: \$25,338).

The aggregate amount owed by System1 SS Protect Holdings Inc., a group company, at the balance sheet date is \$10,059,719 (31.12.19: \$nil). The balance at 31 December 2020 represents an advance made to System1 SS Protect Holdings Inc. on 18 December 2020.

During the year the company received loans from System1 LLC and Protected Security Holdings LLC, both group companies, of \$9,000,000 and \$1,999,947 respectively which were fully repaid within the year.

The aggregate amount owed to Mr S L Blend, at the balance sheet date is \$Nil (31.12.19: \$237,671). The loan having repaid in full during the year.

During the year the company was charged interest by System1 LLC and Protected Security Holdings LLC, both group companies, of \$356,384 (31.12.19: \$Nil) and \$14,383 (31.12.19: \$Nil) respectively.

During the year the company was charged interest by Mr S L Blend totalling \$35,000 (31.12.19: \$Nil).

**Company**

During the year the company was charged rent, management fees and other staff costs by Just Develop It Limited and its subsidiaries (JDI Property Holdings Limited and Skylark Golf & Country Club Limited), a group with common directors, totalling \$646,060 (31.12.19: \$616,667).

The aggregate amount owed to Just Develop It Limited and its subsidiaries, a company with common directors, at the balance sheet date is \$89,464 (31.12.19: \$25,338).

The aggregate amount owed by System1 SS Protect Holdings Inc., a group company, at the balance sheet date is \$10,059,719 (31.12.19: \$nil). The balance at 31 December 2020 represents an advance made to System1 SS Protect Holdings Inc. on 18 December 2020.

The aggregate amount owed by Network Protect Limited, a subsidiary, at the balance sheet date is \$6,226 (31.12.19: \$1,479,517). This represent a loan facility provided in 2019 that has been largely repaid in 2020.

During the year the company received loans from System1 LLC and Protected Security Holdings LLC, both group companies, of \$9,000,000 and \$1,999,947 respectively which were fully repaid within the year.

The aggregate amount owed to Mr S L Blend, at the balance sheet date is \$Nil (31.12.19: \$237,671). The loan having repaid in full during the year.

During the year the company was charged interest by System1 LLC and Protected Security Holdings LLC, both group companies, of \$356,384 (31.12.19: \$Nil) and \$14,383 (31.12.19: \$Nil) respectively.

During the year the company was charged interest by Mr S L Blend totalling \$35,000 (31.12.19: \$Nil).

During the year, a total of key management personnel compensation of \$131,073 was paid.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**24. ULTIMATE CONTROLLING PARTY**

Until 13 November 2020 the controlling party was System1 SS Protect Holdings, Inc. which is an intermediary for System 1, Inc. a company incorporated in the USA.

Since 13 November 2020 the controlling party is System1 SS Protect Holdings, Inc. which is an intermediary for Protected Security Holdings LLC a company incorporated in the USA.

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