

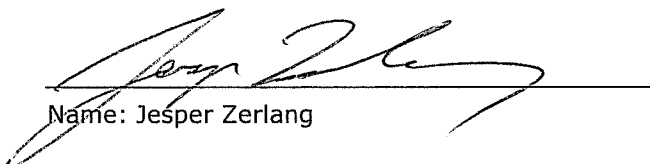
LogPoint A/S

Jagtvej 169 B
2100 København Ø
Central Business Registration No
26301939

Annual report 2016

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting



Name: Jesper Zerlang

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Entity details

Entity

LogPoint A/S
Jagtvej 169 B
2100 København Ø

Central Business Registration No: 26301939
Founded: 01.10.2001
Registered in: København
Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Kåre Bo Jacobsen, chairman
Karel Obluk
Richard Michael Seewald
Søren Laustrop
Jesper Genter Lohmann

Executive Board

Jesper Zerlang, CEO
Søren Laustrop

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of LogPoint A/S for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

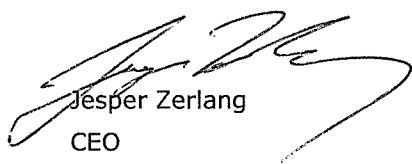
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

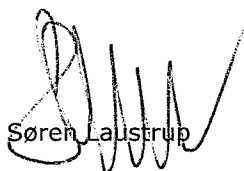
We recommend the annual report for adoption at the Annual General Meeting.

København, 31.05.2017

Executive Board



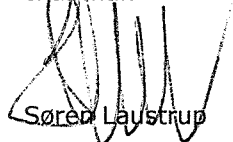
Jesper Zerlang
CEO



Søren Laustrop

Board of Directors

Kåre Bo Jacobsen
chairman



Søren Laustrop

Karel Obluk

Richard Michael Seewald

Jesper Genter Lohmann

Independent auditor's reports

To the shareholders of LogPoint A/S

Report on extended review of the financial statements

We have performed an extended review of the financial statements of LogPoint A/S for the financial year 01.01.2016 - 31.12.2016. The financial statements, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes, are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR - Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's assets, liabilities and financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

Independent auditor's reports

In connection with our extended review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

København, 31.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Christian Sanderhage

statsautoriseret revisor

Management commentary

Primary activities

The company is selling Security Information Event Management (SIEM) solutions worldwide with a strong focus on the European market. LogPoint is a cybersecurity analytical platform and the company products are software and related services.

SIEM technologies are in high demand and the market is growing very fast on a global basis. The key driver is that companies to detect their corporate digital behaviors. This enable customer to protect themselves against intern fraud and industrial espionage. This is possible by the use of the Logpoint technologies that automatically analyze and pattern recognize the collected digital fingerprints (logs) that is being stored in enterprises and organizations. The results are used for Compliance reasons (GDRP, PCI, SOX, ISO27001 and more), Security analytics and operational insights into IT environments.

Development in activities and finances

The result for the year reflects a loss of EUR 439,494 versus a loss of EUR 459,396 in 2015. This is in line with growth strategy that the Management have outlined and is a result from increased investments and further geographical expansion of the company. During 2016, the company initiated a process of finding a new investor. This work was not completed at the end of 2016 but has in 2017 resulted in an injection of EUR 6 million into the operation of LogPoint to strengthen our company to continue the strategy of international growth.

LogPoint now has very strong sales representation in all the major European markets and the pipeline is very strong and constantly building momentum. The outlook for 2017 is consequently very positive. The new personal data protection act from the EU – GDPR – is expected to create a massive demand for SIEM solutions throughout Europe and being the only native European SIEM vendor, the management expect that LogPoint will be strongly favored in these solutions.

The equity of LogPoint was EUR 258,135 at the year-end. As per 31th of March 2017 the equity in the company increased after the injection of EUR 6 million from Evolution Equity Partners.

The product development of LogPoint is being done by the subsidiary Immune ApS and the company have issued a letter of guarantee to voucher for the loss that Immune ApS is operating at due to the increased development activities by LogPoint.

Most of the development in 2016 has been focused on the LogPoint 6.0 and LogPoint Director product which is planned for release in the summer of 2017 – this is a significant software release and the focus is on the growing MSSP market. Cybersecurity as a service is in high demand and with LogPoint 6.0 LogPoint is expected to fuel its sales from this important channel.

After the closing of the books in 2016 the company has closed a series B funding by Evolution Equity Partners. EEP are solely focusing on Cybersecurity companies and their portfolio is expected to have a very positive impact on LogPoint both short and longer term. Evolution injected EUR 6 million to the company.

Management commentary

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Gross profit		12.707.166	10.974
Staff costs	1	(13.337.773)	(13.058)
Depreciation, amortisation and impairment losses	2	<u>(275.332)</u>	<u>(217)</u>
Operating profit/loss		(905.939)	(2.301)
Other financial income		1.056.801	1.002
Other financial expenses	3	<u>(4.351.761)</u>	<u>(2.495)</u>
Profit/loss before tax		(4.200.899)	(3.794)
Tax on profit/loss for the year	4	<u>933.524</u>	<u>379</u>
Profit/loss for the year		<u>(3.267.375)</u>	<u>(3.415)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(3.267.375)</u>	<u>(3.415)</u>
		<u>(3.267.375)</u>	<u>(3.415)</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Other fixtures and fittings, tools and equipment		465.950	658
Leasehold improvements		189.972	241
Property, plant and equipment	5	655.922	899
Investments in group enterprises		9.420.947	321
Deposits		357.736	338
Deferred tax		4.293.219	3.360
Fixed asset investments	6	14.071.902	4.019
Fixed assets		14.727.824	4.918
Trade receivables		4.064.425	6.647
Contract work in progress	7	224.425	1.842
Receivables from group enterprises		28.755.634	27.322
Other receivables		40.277	212
Prepayments		1.032.124	357
Receivables		34.116.885	36.380
Cash		54.273	186
Current assets		34.171.158	36.566
Assets		48.898.982	41.484

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Contributed capital	8	941.704	942
Retained earnings		977.377	4.245
Equity		1.919.081	5.187
Subordinate loan capital		0	1.000
Payables to shareholders and management		0	4.167
Other payables		12.049.584	8.583
Non-current liabilities other than provisions	9	12.049.584	13.750
Current portion of long-term liabilities other than provisions	9, 10	2.580.963	1.178
Subordinate loan capital		11.836.260	1.491
Bank loans		265.674	1.557
Payables to other credit institutions		1.560.155	4.030
Prepayments received from customers		5.511.029	5.385
Trade payables		5.291.162	4.966
Payables to group enterprises		2.470.738	50
Payables to shareholders and management		1.196.310	1.081
Other payables		4.218.026	2.809
Current liabilities other than provisions		34.930.317	22.547
Liabilities other than provisions		46.979.901	36.297
Equity and liabilities		48.898.982	41.484
Contingent liabilities	11		
Mortgages and securities	12		

Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	941.704	4.244.752	5.186.456
Profit/loss for the year	0	(3.267.375)	(3.267.375)
Equity end of year	941.704	977.377	1.919.081

Notes

	2016	2015
	DKK	DKK'000
1. Staff costs		
Wages and salaries	11.245.143	10.539
Pension costs	1.159.512	1.207
Other staff costs	933.118	1.312
	13.337.773	13.058
	2016	2015
	DKK	DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	275.332	217
	275.332	217
	2016	2015
	DKK	DKK'000
3. Other financial expenses		
Interest expenses	3.562.494	2.044
Exchange rate adjustments	702.064	187
Other financial expenses	87.203	264
	4.351.761	2.495
	2016	2015
	DKK	DKK'000
4. Tax on profit/loss for the year		
Tax on current year taxable income	0	46
Change in deferred tax for the year	(933.524)	(425)
	(933.524)	(379)

Notes

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
5. Property, plant and equipment		
Cost beginning of year	1.293.412	458.357
Additions	13.999	17.900
Cost end of year	1.307.411	476.257
Depreciation and impairment losses beginning of the year	(636.153)	(216.782)
Depreciation for the year	(205.308)	(69.503)
Depreciation and impairment losses end of the year	(841.461)	(286.285)
Carrying amount end of year	465.950	189.972

	Investments in group enterprises DKK	Deposits DKK	Deferred tax DKK
6. Fixed asset investments			
Cost beginning of year	320.947	338.138	3.359.695
Additions	9.100.000	19.598	933.524
Cost end of year	9.420.947	357.736	4.293.219
Carrying amount end of year	9.420.947	357.736	4.293.219

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Immune ApS	København	ApS	100,0
LogPoint Denmark FR ApS	København	ApS	88,0
LogPoint Denmark DACH ApS	København	ApS	100,0
LogPoint Denmark UK ApS	København	ApS	100,0

Notes

	2016	2015
	DKK	DKK'000
7. Contract work in progress		
Contract work in progress	224.425	1.842
	224.425	1.842

	Number	Par value	Nominal
		DKK	value
			DKK
8. Contributed capital			
A-shares	239.535	1	239.356
B-shares	702.348	1	702.348
	941.883		941.704

	Instalments	Instalments	Instalments	Outstanding
	within 12	within 12	beyond 12	after 5 years
	months	months	months	DKK
	2016	2015	2016	
	DKK	DKK'000	DKK	DKK
9. Liabilities other than provisions				
Payables to group enterprises	0	0	0	150.000
Other payables	2.580.963	1.178	12.049.584	3.077.141
	2.580.963	1.178	12.049.584	3.227.141

10. Current portion of long-term liabilities other than provisions

Short-term part of long-term liabilities relates to loans from Vækstfonden, where DKK 1.003.030 is deducted quarterly.

11. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Søren Lastrup Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

Notes

The Company has entered into an irrevocable lease concerning the apartment at Jagtvej 169 B, 4. The remaining obligation amounts to DKK 2.468.673 for the remaining 43 months.

The Company has entered into an irrevocable lease concerning equipment. The remaining obligation amounts to DKK 276.912 for the remaining 32 months.

12. Mortgages and securities

The company has issued letter of indemnity (in Danish: skadeløsbrev) with a company loan of DKK 8.5 million.

The pant includes operating equipment and equipment, simple receivables, stocks and goodwill etc.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements

Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue includes other operating income and external expenses.

Revenue

Revenue from services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at a fair value of the consideration fixed.

Accounting policies

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

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

Accounting policies

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount. Cost is reduced with declared dividend that exceeds accumulated earnings after the date of acquisition.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Accounting policies

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.