Grant Thornton

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Secunia ApS

Arne Jacobsens Allé 7, 5, 2300 København S

Company reg. no. 26 83 33 45

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 13 June 2019.

Chairman of the meeting James Patrick Ryan

Contents

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146 940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %

Management's report

The board of directors and the executive board have today presented the annual report of Secunia ApS for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 13 June 2019

Executive board

James Patrick Ryan
Chief Executive Officer

Joseph William Freda
Chief Financial Officer

Board of directors

James Patrick Ryan
Chairman

Kraig Washburn

Kraig Stephen Washburn

Joseph William Freda

Independent auditor's report

To the shareholders of Secunia ApS

Opinion

We have audited the annual accounts of Secunia ApS for the financial year 1 January to 31 December 2018, which comprise profit and loss account, balance sheet, statement of changes in equity, notes and accounting policies used. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 13 June 2019

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Michael Beuchert
State Authorised Public Accountant
mne32794

Company data

The company	Secunia ApS Arne Jacobsens Allé 7, 5 2300 København S
	Company reg. no. 26 83 33 45 Financial year: 1 January - 31 December
Board of directors	James Patrick Ryan, Chairman Kraig Stephen Washburn Joseph William Freda
Executive board	James Patrick Ryan, Chief Executive Officer Joseph William Freda, Chief Financial Officer
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø

Management's review

The principal activities of the company

Secunia is a global player within the IT security ecosystem, in the niche of Vulnerability Management.

Development in activities and financial matters

The results from ordinary activities after tax are DKK 17.454 against DKK 12.375 last year. The management consider the results satisfactory.

Due to the Company having lost its equity, the owner Flexera Software LLC (USA) has issued a letter of support promising to provide the necessary funds. The Company expects its equity restored through own earnings in the coming years.

The expected development

Management expects similar results in 2019.

Events subsequent to the financial year

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

Profit and loss account 1 January - 31 December

DKK in thousands.

Note		2018	2017
	Net turnover	78.106	78.944
	Other external costs	-35.018	-40.978
	Gross results	**43.088**	**37.966**
1	Staff costs	-21.029	-24.354
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-1.648	-2.360
	Other operating costs	-813	0
	Operating profit	**19.598**	**11.252**
	Income from equity investments in group enterprises	-610	4.414
	Other financial income	0	836
	Other financial costs	-712	-496
	Results before tax	**18.276**	**16.006**
2	Tax on ordinary results	-3.435	-3.632
	Results for the year	**14.841**	**12.374**
	Proposed distribution of the results:		
	Allocated to results brought forward	14.841	12.374
	Distribution in total	**14.841**	**12.374**

Balance sheet 31 December

DKK in thousands.

Note	Assets	2018	2017
	Fixed assets		
3	Completed development projects	0	685
	Intangible fixed assets in total	0	685
4	Other plants, operating assets, and fixtures and furniture	1.098	1.739
5	Decoration rented premises	0	936
	Tangible fixed assets in total	1.098	2.675
6	Equity investments in group enterprises	0	3
	Deposits	288	288
	Financial fixed assets in total	288	291
	Fixed assets in total	**1.386**	**3.651**
	Current assets		
	Amounts owed by group enterprises	10.969	11.174
	Deferred tax assets	8.137	10.842
	Receivable corporate tax	0	942
	Other debtors	163	340
	Accrued income and deferred expenses	606	588
	Debtors in total	19.875	23.886
	Available funds	3.103	2.845
	Current assets in total	**22.978**	**26.731**
	Assets in total	**24.364**	**30.382**

Balance sheet 31 December

DKK in thousands.

Note	**Equity and liabilities**	2018	2017
	Equity		
	Contributed capital	129	129
	Results brought forward	-15.725	-30.565
	Equity in total	**-15.596**	**-30.436**
	Liabilities		
	Debt to group enterprises	32.773	52.263
	Corporate tax	334	0
	Other debts	6.477	6.752
	Accrued expenses and deferred income	376	1.803
	Short-term liabilities in total	39.960	60.818
	Liabilities in total	**39.960**	**60.818**
	Equity and liabilities in total	**24.364**	**30.382**

7 **Mortgage and securities**

8 **Contingencies**

9 **Related parties**

Statement of changes in equity

DKK in thousands.

	Contributed capital	Results brought forward	In total
Equity 1 January 2018	129	-30.566	-30.437
Profit or loss for the year brought forward	0	14.841	14.841
	129	**-15.725**	**-15.596**

Due to the Company having lost its equity, the owner Flexera Software LLC, USA has issued a letter of support promising to provide the necessary funds. The Company expects its equity restored through own earnings in the coming years.

Notes

DKK in thousands.

		2018	2017
1.	**Staff costs**		
	Salaries and wages	20.575	23.572
	Pension costs	391	518
	Other costs for social security	63	264
		21.029	**24.354**
	Average number of employees	21	30

No remuneration of management in 2017 and 2018.

		2018	2017
2.	**Tax on ordinary results**		
	Tax of the results for the year	730	458
	Adjustment for the year of deferred tax	2.705	2.906
	Adjustment of tax for previous years	0	268
		3.435	**3.632**

		2018	2017
3.	**Completed development projects**		
	Cost 1 January 2018	1.094	1.094
	Transfers	-1.094	0
	Cost 31 December 2018	**0**	**1.094**
	Amortisation and writedown 1 January 2018	-409	0
	Amortisation for the year	409	-409
	Amortisation and writedown 31 December 2018	**0**	**-409**
	Book value 31 December 2018	**0**	**685**

Notes

DKK in thousands.

		31/12 2018	31/12 2017
4.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2018	19.465	23.497
	Additions during the year	220	420
	Disposals during the year	0	-4.452
	Transfers	1.094	0
	Cost 31 December 2018	**20.779**	**19.465**
	Amortisation and writedown 1 January 2018	-17.726	-20.482
	Depreciation for the year	-1.955	-1.696
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	4.452
	Amortisation and writedown 31 December 2018	**-19.681**	**-17.726**
	Book value 31 December 2018	**1.098**	**1.739**
5.	**Decoration rented premises**		
	Cost 1 January 2018	2.473	2.588
	Disposals during the year	-2.473	-115
	Cost 31 December 2018	**0**	**2.473**
	Depreciation and writedown 1 January 2018	-1.537	-1.353
	Depreciation for the year	-103	-257
	Reversal of depreciation, amortisation and writedown, assets disposed of	1.640	73
	Depreciation and writedown 31 December 2018	**0**	**-1.537**
	Book value 31 December 2018	**0**	**936**

Notes

DKK in thousands.

		31/12 2018	31/12 2017
6.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2018	3	3
	Disposals during the year	-3	0
	Cost 31 December 2018	**0**	**3**
	Book value 31 December 2018	**0**	**3**

7. Mortgage and securities

No mortgage and securities as of 31 December 2018.

8. Contingencies

Contingent liabilities

Rental obligations are equivalent of TDKK 753 as of 31 December 2018, with latest termination date 31st of May 2019.

9. Related parties

Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Ontario Teachers Pension Plan, Canada

Name and registered office of the Parent preparing consolidated financial statements for the smalles group:
Flexera Software Holdings Ltd, United Kingdom

Accounting policies used

The annual report for Secunia ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Last year the annual report was presented as a class C enterprise.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Accounting policies used

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

The profit and loss account

Net turnover
The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

License sale are recognised at the time of sale and subscription agreements are recognised over the subscription period.

Other external costs
Other external costs comprise costs for sales, advertisement, administration, premises and loss on debtors.

Staff costs
Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown
Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Accounting policies used

Other operating costs

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Dividend from equity investments is recognised in the financial year where the dividend is declared.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Intangible fixed assets

Intellectual property rights etc.

Intellectual property rights etc comprise development projects completed.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs from third parties that are directly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated usefuld lives of the assets. The amortisation period is 3 years. Development projects are written down to the lower of recoverable amount and carrying amount.

Tangible fixed assets

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

Accounting policies used

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Other plants, operating assets, fixtures and furniture	*5-10 years*
Leasehold improvements	*3-5 years*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises and associated enterprises

Equity investments in group enterprises and associated enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accounting policies used

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.