

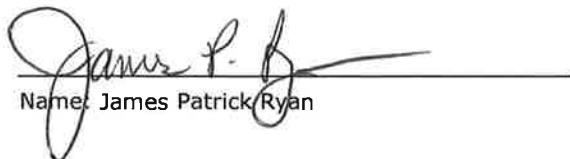
Secunia ApS

Rued Langgaards Vej 8, 4.
DK-2300 Copenhagen S
Central Business Registration No
26833345

Annual report 2016

The Annual General Meeting adopted the annual report on 21.06.2017

Chairman of the General Meeting



Name: James Patrick Ryan

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Entity details

Entity

Secunia ApS

Rued Langgaards Vej 8, 4.

DK-2300 Copenhagen S

Central Business Registration No: 26833345

Registered in: Copenhagen

Financial year: 01.01.2016 - 31.12.2016

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

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P.O. Box 1600

0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Secunia ApS 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.

Copenhagen, 21.06.2017

Executive Board

James Patrick Ryan
Chief Executive Officer

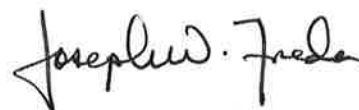
Joseph William Freda
Chief Financial Officer

Board of Directors


James Patrick Ryan
Chairman



Kraig Stephen Washburn



Joseph William Freda

Independent auditor's report

To the shareholder of Secunia ApS

Opinion

We have audited the financial statements of Secunia ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent 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 internal control that we identify during our audit.

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.

In connection with our audit 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 audit 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.

Independent auditor's report

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.

Copenhagen, 21.06.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Christian Sanderhage
State Authorised Public Accountant

Management commentary

	2016	2015	2014	2013	2012
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	71.598	106.271	96.782	101.612	118.452
Gross profit/loss	48.020	64.603	60.538	51.932	66.734
Operating profit/loss	18.963	(619)	2.300	(24.965)	(17.691)
Net financials	1.502	(14.638)	(2.820)	(2.041)	(2.981)
Profit/loss for the year	29.454	(25.714)	(624)	(22.257)	(16.010)
Total assets	41.207	29.269	49.933	59.320	63.979
Investments in property, plant and equipment	1.988	2.237	1.056	2.550	4.237
Equity	(42.811)	(72.265)	(46.551)	(58.179)	(36.106)
Ratios					
Gross margin (%)	67,1	60,8	62,6	51,1	56,3
Net margin (%)	41,1	(24,2)	(0,6)	(21,9)	(13,5)
Solvency ratio (%)	(163,2)	(246,9)	(93,2)	(98,1)	(56,4)

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strenght of the Entity

Management commentary

Primary activities

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

Development in activities and finances

The profit realised by the Company in the financial year amounts to DKK 29.454 thousand (2015: Loss DKK 25.714 thousand) which Management considers 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.

Outlook

Management expects similar results in 2017.

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</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Revenue		71.598	106.271
Other external expenses		<u>(23.578)</u>	<u>(41.668)</u>
Gross profit/loss		48.020	64.603
Staff costs	2	(26.869)	(62.561)
Depreciation, amortisation and impairment losses		<u>(2.188)</u>	<u>(2.661)</u>
Operating profit/loss		18.963	(619)
Other financial income	3	1.897	8
Other financial expenses	4	<u>(395)</u>	<u>(14.646)</u>
Profit/loss before tax		20.465	(15.257)
Tax on profit/loss for the year	5	<u>8.989</u>	<u>(10.457)</u>
Profit/loss for the year	6	<u>29.454</u>	<u>(25.714)</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Completed development projects		852	0
Intangible assets	7	<u>852</u>	<u>0</u>
Other fixtures and fittings, tools and equipment		3.015	2.956
Leasehold improvements		1.235	1.494
Property, plant and equipment	8	<u>4.250</u>	<u>4.450</u>
Investments in group enterprises		6	6
Deposits		1.382	1.382
Fixed asset investments	9	<u>1.388</u>	<u>1.388</u>
Fixed assets		<u>6.490</u>	<u>5.838</u>
Trade receivables		0	2.383
Receivables from group enterprises		15.960	7.152
Deferred tax	10	13.748	4.311
Other receivables		183	328
Prepayments	11	1.142	839
Receivables		<u>31.033</u>	<u>15.013</u>
Cash	12	<u>3.684</u>	<u>8.418</u>
Current assets		<u>34.717</u>	<u>23.431</u>
Assets		<u>41.207</u>	<u>29.269</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital	13	129	129
Retained earnings		<u>(42.940)</u>	<u>(72.394)</u>
Equity		<u>(42.811)</u>	<u>(72.265)</u>
Trade payables		170	389
Payables to group enterprises		65.538	48.360
Income tax payable		389	0
Other payables	14	6.368	16.309
Deferred income	15	<u>11.553</u>	<u>36.476</u>
Current liabilities other than provisions		<u>84.018</u>	<u>101.534</u>
Liabilities other than provisions		<u>84.018</u>	<u>101.534</u>
Equity and liabilities		<u>41.207</u>	<u>29.269</u>
Going concern	1		
Unrecognised rental and lease commitments	16		
Mortgages and securities	17		
Transactions with related parties	18		
Group relations	19		

Statement of changes in equity for 2016

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	129	(72.394)	(72.265)
Profit/loss for the year	0	29.454	29.454
Equity end of year	129	(42.940)	(42.811)

Notes

1. Going concern

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.

	2016	2015
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	25.609	60.061
Pension costs	581	588
Other social security costs	679	1.912
	26.869	62.561
Average number of employees	40	61

	Remunera- tion of manage- ment 2015 DKK'000
Executive Board	5.427
Board of Directors	227
	5.654

No remuneration of management in 2016.

	2016	2015
	DKK'000	DKK'000
3. Other financial income		
Interest income	0	8
Exchange rate adjustments	1.897	0
	1.897	8

Notes

	2016	2015
	DKK'000	DKK'000
4. Other financial expenses		
Interest expenses	36	6.835
Exchange rate adjustments	0	1.491
Other financial expenses	359	6.320
	395	14.646
	2016	2015
	DKK'000	DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	389	0
Change in deferred tax for the year	(9.437)	11.471
Adjustment concerning previous years	59	(1.014)
	(8.989)	10.457
	2016	2015
	DKK'000	DKK'000
6. Proposed distribution of profit/loss		
Retained earnings	29.454	(25.714)
	29.454	(25.714)
		Completed develop- ment projects DKK'000
7. Intangible assets		
Additions		852
Cost end of year		852
Carrying amount end of year		852
Completed development projects concerns IT improvements.		

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000			
8. Property, plant and equipment					
Cost beginning of year	21.509	2.588			
Additions	1.988	0			
Cost end of year	23.497	2.588			
Depreciation and impairment losses beginning of the year	(18.553)	(1.094)			
Depreciation for the year	(1.929)	(259)			
Depreciation and impairment losses end of the year	(20.482)	(1.353)			
Carrying amount end of year	3.015	1.235			
	Investments in group enterprises DKK'000	Deposits DKK'000			
9. Fixed asset investments					
Cost beginning of year	6	1.382			
Cost end of year	6	1.382			
Carrying amount end of year	6	1.382			
	Corpo- rate form	Equity inte- rest %	Equity DKK'000	Profit/loss DKK'000	
Investments in group enterprises comprise:	Registered in				
Secunia Inc	USA	Inc.	100,0	18.190	2.255
Secunia SRL	Romania	SRL	100,0	(399)	(571)

Notes

	2016	2015
	DKK'000	DKK'000
10. Deferred tax		
Intangible assets	(188)	0
Property, plant and equipment	2.702	3.426
Provisions	0	885
Liabilities other than provisions	(8)	0
Tax losses carried forward	11.242	0
	13.748	4.311

Changes during the year

Beginning of year	4.311
Recognised in the income statement	9.437
End of year	13.748

11. Prepayments

The amount consists of costs paid in advance.

12. Cash

DKK 350 thousand of cash and cash equivalents has been placed in a frozen account.

	Number	Nominal value DKK'000
13. Contributed capital		
A-shares	38.690	39
B-shares	86.310	86
D-shares	4.464	4
	129.464	129

A-shares have influence on decision making.

B-shares have no special rights.

D-shares have preference to dividend before A and B shares.

Notes

	2016	2015
	DKK'000	DKK'000
14. Other payables		
Wages and salaries, personal income taxes, social security costs, etc payable	2.811	7.483
Holiday pay obligation	3.058	5.325
Other costs payable	499	3.501
	6.368	16.309

15. Deferred income

The amount consists of deferred revenue from contracts concluded.

	2016	2015
	DKK'000	DKK'000
16. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	4.485	7.475

17. Mortgages and securities

The carrying amount of mortgaged plant amounts to 27,142 DKK'000.

The mortgaged plant has been settled in 2017.

18. Transactions with related parties

No transactions with related parties on Non-arm's length basis.

19. 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 smallest group:
Flexera Software Holdings Ltd, United Kingdom

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied for 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 one 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

Revenue

Revenue is recognised when delivery and transfer of risk to the buyer have been made prior to year-end. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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

Accounting policies

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 write-downs 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 and depreciation relating to property, plant and equipment comprise amortisation and depreciation for the financial year, calculated on the basis of the residual values and useful lives of the individual as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and payables and transactions in foreign currencies.

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

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 useful lives of the assets. The amortisation period is 3 years. Development projects are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Property, plant and equipment

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

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	3-10 years
Leasehold improvements	10 years

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 and are written down to the lower of recoverable amount and carrying amount.

Receivables

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

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.

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.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Accounting policies

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, Secunia ApS has not prepared a cash flow statement.