

## **Secunia ApS**

Arne Jacobsens Allé 7, 5.

DK-2300 Copenhagen S

Central Business Registration No

26833345

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 15.06.2018

### **Chairman of the General Meeting**

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Name: James Patrick Ryan

## Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017	8
Balance sheet at 31.12.2017	9
Statement of changes in equity for 2017	11
Notes	12
Accounting policies	17

## Entity details

### Entity

Secunia ApS

Arne Jacobsens Allé 7, 5.

DK-2300 Copenhagen S

Central Business Registration No: 26833345

Registered in: Copenhagen

Financial year: 01.01.2017 - 31.12.2017

### 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 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 15.06.2018

### 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 01.01.2017 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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, 15.06.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Christian Sanderhage  
State Authorised Public Accountant  
Identification number (MNE) mne23347

## Management commentary

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	78.944	71.598	106.271	96.782	101.612
Gross profit/loss	37.966	48.020	64.598	60.548	51.932
Operating profit/loss	11.252	18.963	(619)	2.310	(24.965)
Net financials	4.754	1.502	(14.638)	(2.820)	(2.041)
Profit/loss for the year	12.374	29.454	(25.714)	(624)	(22.257)
Total assets	30.383	41.207	29.269	49.933	59.320
Investments in property, plant and equipment	420	1.988	2.237	1.056	2.550
Equity	(30.437)	(42.811)	(72.265)	(46.551)	(58.179)
<b>Ratios</b>					
Gross margin (%)	48,1	67,1	60,8	62,6	51,1
Net margin (%)	15,7	41,1	(24,2)	(0,6)	(21,9)
Solvency ratio (%)	(100,2)	(103,9)	(246,9)	(93,2)	(98,1)

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

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios</b>
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 12.374 thousand (2016: profit DKK 29.454 thousand) which Management considers satisfactory.

The shares in Secunia Inc. have been sold in the financial year.

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 2018.

### 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 2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Revenue		78.944	71.598
Other external expenses		<u>(40.978)</u>	<u>(23.578)</u>
<b>Gross profit/loss</b>		<b>37.966</b>	<b>48.020</b>
Staff costs	2	(24.354)	(26.869)
Depreciation, amortisation and impairment losses		<u>(2.360)</u>	<u>(2.188)</u>
<b>Operating profit/loss</b>		<b>11.252</b>	<b>18.963</b>
Income from investments in group enterprises		4.414	0
Other financial income	3	836	1.897
Other financial expenses	4	<u>(496)</u>	<u>(395)</u>
<b>Profit/loss before tax</b>		<b>16.006</b>	<b>20.465</b>
Tax on profit/loss for the year	5	<u>(3.632)</u>	<u>8.989</u>
<b>Profit/loss for the year</b>	6	<u><b>12.374</b></u>	<u><b>29.454</b></u>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Completed development projects		685	852
<b>Intangible assets</b>	7	<u>685</u>	<u>852</u>
Other fixtures and fittings, tools and equipment		1.739	3.015
Leasehold improvements		936	1.235
<b>Property, plant and equipment</b>	8	<u>2.675</u>	<u>4.250</u>
Investments in group enterprises		3	6
Deposits		288	1.382
<b>Fixed asset investments</b>	9	<u>291</u>	<u>1.388</u>
<b>Fixed assets</b>		<u>3.651</u>	<u>6.490</u>
Receivables from group enterprises		11.174	15.960
Deferred tax	10	10.842	13.748
Other receivables		340	185
Income tax receivable		942	0
Prepayments	11	588	1.142
<b>Receivables</b>		<u>23.886</u>	<u>31.035</u>
<b>Cash</b>		<u>2.846</u>	<u>3.682</u>
<b>Current assets</b>		<u>26.732</u>	<u>34.717</u>
<b>Assets</b>		<u>30.383</u>	<u>41.207</u>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Contributed capital	12	129	129
Retained earnings		<u>(30.566)</u>	<u>(42.940)</u>
<b>Equity</b>		<b><u>(30.437)</u></b>	<b><u>(42.811)</u></b>
Trade payables		0	170
Payables to group enterprises		52.263	65.538
Income tax payable		0	389
Other payables	13	6.754	6.368
Deferred income	14	<u>1.803</u>	<u>11.553</u>
<b>Current liabilities other than provisions</b>		<b><u>60.820</u></b>	<b><u>84.018</u></b>
<b>Liabilities other than provisions</b>		<b><u>60.820</u></b>	<b><u>84.018</u></b>
<b>Equity and liabilities</b>		<b><u>30.383</u></b>	<b><u>41.207</u></b>
Going concern	1		
Unrecognised rental and lease commitments	15		
Mortgages and securities	16		
Transactions with related parties	17		
Group relations	18		

## Statement of changes in equity for 2017

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	129	(42.940)	(42.811)
Profit/loss for the year	0	12.374	12.374
<b>Equity end of year</b>	<b>129</b>	<b>(30.566)</b>	<b>(30.437)</b>

## 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.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	23.572	25.609
Pension costs	518	581
Other social security costs	264	679
	<b>24.354</b>	<b>26.869</b>
Average number of employees	<b>30</b>	<b>40</b>

No remuneration of management in 2016 and 2017.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Other financial income</b>		
Exchange rate adjustments	66	1.897
Other financial income	770	0
	<b>836</b>	<b>1.897</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4. Other financial expenses</b>		
Interest expenses	37	141
Exchange rate adjustments	184	0
Other financial expenses	275	254
	<b>496</b>	<b>395</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5. Tax on profit/loss for the year</b>		
Tax on current year taxable income	458	389
Change in deferred tax for the year	2.906	(9.437)
Adjustment concerning previous years	268	59
	<b>3.632</b>	<b>(8.989)</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>6. Proposed distribution of profit/loss</b>		
Retained earnings	12.374	29.454
	<b>12.374</b>	<b>29.454</b>
		<b>Completed development projects DKK'000</b>
<b>7. Intangible assets</b>		
Cost beginning of year		852
Additions		242
<b>Cost end of year</b>		<b>1.094</b>
Amortisation for the year		(409)
<b>Amortisation and impairment losses end of year</b>		<b>(409)</b>
<b>Carrying amount end of year</b>		<b>685</b>
Completed development projects concerns IT improvements.		
	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Leasehold improvements DKK'000</b>
<b>8. Property, plant and equipment</b>		
Cost beginning of year	23.497	2.588
Additions	420	0
Disposals	(4.452)	(115)
<b>Cost end of year</b>	<b>19.465</b>	<b>2.473</b>
Depreciation and impairment losses beginning of the year	(20.482)	(1.353)
Depreciation for the year	(1.696)	(257)
Reversal regarding disposals	4.452	73
<b>Depreciation and impairment losses end of the year</b>	<b>(17.726)</b>	<b>(1.537)</b>
<b>Carrying amount end of year</b>	<b>1.739</b>	<b>936</b>

## Notes

	<b>Investments in group enterprises DKK'000</b>	<b>Deposits DKK'000</b>
<b>9. Fixed asset investments</b>		
Cost beginning of year	6	1.382
Additions	0	288
Disposals	(3)	(1.382)
<b>Cost end of year</b>	<b>3</b>	<b>288</b>
<b>Carrying amount end of year</b>	<b>3</b>	<b>288</b>

	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>	<b>Equity DKK'000</b>	<b>Profit/loss DKK'000</b>
Investments in group enterprises comprise:					
Secunia SRL	Romania	SRL	100,0	(704)	(305)

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>10. Deferred tax</b>		
Intangible assets	0	(188)
Property, plant and equipment	2.046	2.702
Liabilities other than provisions	6	(8)
Tax losses carried forward	8.790	11.242
	<b>10.842</b>	<b>13.748</b>
<b>Changes during the year</b>		
Beginning of year	13.748	
Recognised in the income statement	(2.906)	
<b>End of year</b>	<b>10.842</b>	

### 11. Prepayments

The amount consists of costs paid in advance.



## Notes

	<b>Number</b>	<b>Nominal value DKK'000</b>
<b>12. Contributed capital</b>		
A-shares	38.690	39
B-shares	86.310	86
D-shares	4.464	4
	<b>129.464</b>	<b>129</b>

A-shares have influence on decision making.

B-shares have no special rights.

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

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>13. Other payables</b>		
Wages and salaries, personal income taxes, social security costs, etc payable	3.879	2.811
Holiday pay obligation	2.306	3.058
Other costs payable	569	499
	<b>6.754</b>	<b>6.368</b>

### 14. Deferred income

The amount consists of deferred revenue from contracts concluded.

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>15. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>2.444</b>	<b>4.485</b>

### 16. Mortgages and securities

No mortgages and securities.

### 17. Transactions with related parties

Only non-arm's length transactions with related parties are disclosed in the financial statements. All related party transactions carried out during the financial year have been made on an arm's length basis.

## Notes

### **18. 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.

### **Income from investments in group enterprises**

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year and income from sales of investments in group enterprises.

### **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.

## Accounting policies

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.

### 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.

### Income tax payable or receivable

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.

### Prepayments

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

### Cash

## Accounting policies

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.

### **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.