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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 2019

The annual report was submitted and approved by the general meeting on the 29 May 2020.

James Patrick Ryan
Chairman of the meeting

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 2019.

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 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

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

We recommend that the annual report be approved by the general meeting.

Copenhagen, 29 May 2020

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 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 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 section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company 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 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 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.

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 judgment and maintain professional scepticism throughout the audit. We also:

- 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 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 and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on 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 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary
Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 29 May 2020

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

Michael Beuchert
State Authorised Public Accountant
mne32794

Company information

The company	Secunia ApS Arne Jacobsens Allé 7, 5 2300 København S
	Company reg. no. 26 83 33 45 Financial year: 1 January 2019 - 31 December 2019
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 commentary

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 net turnover for the year is DKK 86.698.000 against DKK 78.106.000 last year. The results from ordinary activities after tax are DKK 37.410.000 against DKK 14.841.000 last year. The management consider the results satisfactory.

Events subsequent to the financial year

The outbreak of corona virus (COVID-19) presents new challenges and risks for the enterprise. A number of measures have been taken to ensure the health of employees. In connection with the health risks, the outbreak of viruses has led to uncertainty and instability both politically and socially and for the enterprise. Current and any future political and economic measures that may be implemented could cause financial risks related to the enterprise's operations and may possibly limit the enterprise's trading opportunities.

However, the enterprise's current and planned activities do not give rise to particular financial risks, and the company's cash resources are assessed to be adequately hedged.

Accounting policies

The annual report for Secunia ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

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

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.

Income statement

Revenue
Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Income from royalty is recognised when earned.

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

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

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.

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.

Accounting policies

Leases
At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

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.

Decoration of rented premises
Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 5 years.

Receivables
Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

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

Accounting policies

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.

Income statement 1 January - 31 December

DKK thousand.

Note		2019	2018
	Net turnover	86.698	78.106
	Other external costs	-21.858	-35.018
	Gross profit	**64.840**	**43.088**
1	Staff costs	-15.637	-21.029
	Depreciation and writedown relating to tangible fixed assets	-897	-1.648
	Other operating costs	-124	-813
	Operating profit	**48.182**	**19.598**
	Income from equity investments in group enterprises	0	-610
	Other financial income	318	0
	Other financial costs	-223	-712
	Pre-tax net profit or loss	**48.277**	**18.276**
2	Tax on ordinary results	-10.867	-3.435
	Net profit or loss for the year	**37.410**	**14.841**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	37.410	14.841
	Total allocations and transfers	**37.410**	**14.841**

Statement of financial position at 31 December

DKK thousand.

Assets

Note		2019	2018
	Non-current assets		
4	Other plants, operating assets, and fixtures and furniture	0	1.098
	Total property, plant, and equipment	0	1.098
	Total non-current assets	**0**	**1.098**
	Current assets		
	Amounts owed by group enterprises	34.556	10.969
	Deferred tax assets	121	8.137
	Other debtors	288	451
	Accrued income and deferred expenses	0	606
	Total receivables	34.965	20.163
	Available funds	1.120	3.103
	Total current assets	**36.085**	**23.266**
	Total assets	**36.085**	**24.364**

Statement of financial position at 31 December

DKK thousand.

Note	Equity and liabilities	2019	2018
	Equity		
	Contributed capital	129	129
	Results brought forward	21.685	-15.725
	Total equity	**21.814**	**-15.596**
	Liabilities other than provisions		
	Debt to group enterprises	9.381	32.773
	Income tax payable	1.494	334
	Other debts	3.331	6.477
	Accrued expenses and deferred income	65	376
	Total short term liabilities other than provisions	14.271	39.960
	Total liabilities other than provisions	**14.271**	**39.960**
	Total equity and liabilities	**36.085**	**24.364**
6	**Related parties**		

Statement of changes in equity

DKK thousand.

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	129	-15.725	-15.596
Profit or loss for the year brought forward	0	37.410	37.410
	129	**21.685**	**21.814**

Notes

DKK thousand.

		2019	2018
1.	**Staff costs**		
	Salaries and wages	15.176	20.575
	Pension costs	323	391
	Other costs for social security	138	63
		15.637	**21.029**
	Average number of employees	16	21
2.	**Tax on ordinary results**		
	Tax of the results for the year	2.417	730
	Adjustment for the year of deferred tax	8.016	2.705
	Adjustment of tax for previous years	434	0
		10.867	**3.435**
3.	**Completed development projects**		
	Cost 1 January 2019	0	1.094
	Transfers	0	-1.094
	Cost 31 December 2019	**0**	**0**
	Amortisation and writedown 1 January 2019	0	-409
	Amortisation for the year	0	409
	Amortisation and writedown 31 December 2019	**0**	**0**
	Book value 31 December 2019	**0**	**0**

Notes

DKK thousand.

		31/12 2019	31/12 2018
4.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2019	20.779	19.465
	Additions during the year	0	220
	Disposals during the year	-6.573	0
	Transfers	0	1.094
	Cost 31 December 2019	**14.206**	**20.779**
	Amortisation and writedown 1 January 2019	-19.681	-17.726
	Depreciation for the year	-897	-1.955
	Depreciation, amortisation and writedown for the year, assets disposed of	6.372	0
	Amortisation and writedown 31 December 2019	**-14.206**	**-19.681**
	Book value 31 December 2019	**0**	**1.098**
5.	**Decoration rented premises**		
	Cost 1 January 2019	0	2.473
	Disposals during the year	0	-2.473
	Cost 31 December 2019	**0**	**0**
	Depreciation and writedown 1 January 2019	0	-1.537
	Depreciation for the year	0	-103
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	1.640
	Depreciation and writedown 31 December 2019	**0**	**0**
	Book value 31 December 2019	**0**	**0**

Notes

DKK thousand.

6. 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