

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2017

IMMUNE APS

Jagtvej 169B, 4

2100 København Ø

CENTRAL BUSINESS REGISTRATION no. 29 61 03 20

Adopted at the Company's
Annual General Meeting,
on / 2018

The Chairman's name in capital letters

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Company

Immune ApS
Jagtvej 169B, 4
2100 København Ø

Central Business Registration no. 29 61 03 20

Registered in: Copenhagen

Board of Executives

Jesper Zerlang

Board of Directors

Kåre Bo Jacobsen

Søren Lastrup

Jesper Zerlang

Company auditors

inforevision
statsautoriseret revisionsaktieselskab
Buddingevej 312
2860 Søborg
Central business registration no. 19263096

Kenny Madsen, State Authorized Public Accountant
Sten Pedersen, State Authorized Public Accountant

Primary activities

The purpose of the Company is to develop and sell Security Information and Event Management (SIEM) software and solution connected to the SIEM market.

Development in the Company's activities and finances

The result of the period shows a gain of DKK 5.554.862 versus a gain of DKK 6.039.473 in 2016. The management considers the result as satisfactory.

The balance sheet total amounted to DKK 33.485.928 at the end of 2017 versus DKK 27.016.785 at the end of 2016. The Equity at the end of 2017 amounted to DKK 24.783.772 versus DKK 19.228.910 at the end of 2016.

The number of employees has increased to 140 and is expected to increase further in 2018/19 as LogPoint keeps growing in all its major markets. The Management is very confident that LogPoint will continue to grow and still being recognized as one of the premier SIEM solutions globally.

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.

The Board of Directors and Board of Executives have today discussed and approved the annual report for the financial year 1 January - 31 December 2017 of Immune ApS.

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

In our opinion the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the result of the Company's operations for the financial year 1 January - 31 December 2017.

In our opinion the management's review includes a fair review about the matters the review deals with.

We recommend that the Annual Report be approved at the annual general meeting.

København Ø, 14th June 2018

Board of Executives

Jesper Zerlang
CEO

Board of Directors

Kåre Bo Jacobsen
Chairman

Søren Lastrup
Boardmember

Jesper Zerlang
Boardmember

To the shareholder of Immune ApS

Extended review report on the financial statements

We have performed an extended review of the financial statements of Immune ApS for the financial year 1 January - 31 December 2017. The financial statements, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes, are prepared according to the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for preparing financial statements which give a fair presentation in accordance with the Danish Financial Statements Act. Management is further responsible for such internal control as management deems necessary for the preparation of financial statements which are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We have performed our extended review in accordance with the Danish Business Authority's assurance standard for small enterprises and Danish Auditors' (FSR) standard for extended review of financial statements prepared according to the Danish Financial Statements Act.

Those standards require that we comply with the provisions of the Danish Act on Registered and State-Authorised Public Accountants and the code of ethics for accountants issued by the FSR and that we plan and perform procedures to obtain limited assurance of our opinion on the financial statements and moreover perform specifically required supplementary procedures to obtain additional assurance of our opinion.

An extended review comprises procedures which consist primarily of making inquiries of management and, where appropriate, others within the enterprise, performing analytical procedures and the specifically required supplementary procedures as well as assessing the evidence obtained.

The scope of procedures performed in an extended review is more limited than an audit and accordingly we do not express an audit opinion on the financial statements.

Opinion

In our opinion, based on our review work, the financial statements present fairly the assets, liabilities and financial position of the company as at 31 December 2017 and the profit or loss from the company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of Management's Review.

Søborg, 14th June 2018

inforevision

statsautoriseret revisionsaktieselskab
(CVR-nr. 19263096)

Kenny Madsen
State Authorized Public Accountant
mne33718

Sten Pedersen
State Authorized Public Accountant
mne23408

The annual report has been prepared in accordance with Danish financial statements legislation as well as generally accepted accounting principles.

The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with certain provisions for reporting class C.

The accounting policies have not been changed from last year.

RECOGNITION AND MEASUREMENT

The financial statements have been prepared based on historical cost.

The income is recognised in the income statement as earned. Further to this, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Furthermore, all costs incurred to earn the profit or loss for year have been recognised in the income statement, including amortisation, depreciation, write-down and provisions as well as reversals as a consequence of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow into the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortised cost, by which a constant redemption yield is recognised over the term. Amortised cost is calculated as original cost less instalments and addition/deduction of the accumulated amortisation of the difference between cost and the nominal amount. Thereby, capital and exchange losses or gains are allocated over the term.

On recognition and measurement, anticipated losses and risks that appear before presentation of the annual report and which confirm or invalidate affairs or conditions existing at the balance sheet date are considered.

The functional currency is Danish kroner, DKK. All other currencies are considered foreign currencies.

FOREIGN CURRENCY TRANSLATION

During the year, transactions in foreign currencies have been translated applying the exchange rate at the transaction date. If currency positions are considered hedge of future cash flows, the value adjustments are recognised directly in equity.

Receivables and debt denominated in foreign currencies have been recognised at the exchange rate of the balance sheet date.

Realised and unrealised exchange gains and losses have been recognised in the income statement under other financial income and expenses.

INCOME STATEMENT

The income statement has been classified by nature.

Gross profit/loss

The Company has aggregated the items "revenue", "other operating income" and "external expenses".

Revenue

As income recognition criterion, the completed contract method is applied so that revenue comprises invoiced revenue for the year. Revenue from royalties is recognised in the income statement when delivery is made and risk has passed to the buyer before the end of the financial year. Revenue is measured at fair value excl. VAT and less granted goods and customer discounts.

External expenses

External expenses comprise selling costs, facility costs and administrative expenses.

Income from investments in group enterprises

Income from investments in group enterprises comprises the dividends received for the year.

Other financial income and other financial expenses

Financial income and expenses is recognised with amounts concerning the financial year. Financial items comprise interest and realised and unrealised exchange gains and losses as well as interest surcharge and interest reimbursements under the Danish Tax Prepayment Scheme.

Tax on profit or loss for the year income taxes

Tax on profit or loss for the year represents 22% of the book profit or loss adjusted for non-taxable and non-deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax. Changes in deferred taxes due to adjustments of tax rates is recognised in the income statement.

The Company is jointly taxed with other Danish group enterprises with LogPoint A/S as management company. The tax effect of the joint taxation is allocated among the group enterprises in ratio to their taxable income according to the rules on full allocation with a refund for tax losses of the Danish Corporation Tax Act.

Corporation tax relating to the financial year which has not been settled at the balance sheet date is to be classified as corporation tax in receivables or liabilities other than provisions.

Joint tax contributions between the jointly taxed companies which have not been settled at the balance sheet date are classified as joint tax contributions in receivables or liabilities.

The Company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

BALANCE SHEET

The balance sheet has been presented in account form.

ASSETS**Intangible assets**

Intangible assets are measured at cost less accumulate amortisation.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

For own-developed development projects, capitalised after 1 January 2016 the carrying amount is transferred from "retained earnings" to "reserve for capitalised development cost" under equity.

Intangible assets, contined

Assets are amortised on a straight-line basis over their estimated useful lives:

Completed development projects	5 y.
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As the intangible assets are not being traded in an active and effective market, no residual values after end of use are included when determining the depreciation period.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulate amortisation and depreciation. The basis of amortisation and depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

The costprice for an asset is divided into separate components, that are depreciated separately, if the useful life of the individual components is significantly different.

Depreciation is initiated when the assets are ready to be taken into operation. Assets are depreciated on a straight-line basis over their estimated useful lives with following residual values:

	Useful lives	Residual value
Other fixtures, etc.	5 y.	0,0%

Minor purchases with useful lives below one year have been recognised as an expense in the income statement in external expenses.

Impairment of intangible assets and property, plant and equipment

The carrying amount of intangible assets and property plant and equipment is reviewed annually for indication of impairment for loss, apart from what is expressed by usual amortisation and depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount.

As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the anticipated cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognised in the income statement as amortisation, depreciation and impairment for loss of property, plant and equipment and intangible assets.

Investments in group enterprises

Investments in group enterprises have been measured at cost.

In the event, the cost exceeds the recoverable amount, a write-down is made to this lower value. Indications of impairment exists for example when dividends exceeds the accumulated earnings since the acquisition or when the cost exceeds the net asset value of the investments companies. Recoverable amount used is the highest value of the expected net sales price and capital value. Capital value is determined as the present value of the expected net cash flow from the possession of the individual investments. Impairment is recognized in the income statement as impairment of financial assets.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down for bad debt according to an individual assessment.

EQUITY AND LIABILITIES**Equity**

Management's proposed dividends for the financial year is disclosed as a separate item in equity.

Provision for deferred tax

Deferred tax is measured according to the liability method. Provision has been made for deferred tax by 22 % on all temporary differences between carrying amount and tax-based value of assets and liabilities.

Deferred tax is also measures with respect of the planned use of the asset and the settlement of the liability. The tax value of the tax losses to be carried forward are included in the calculation of deferred taxes if it is probable that the losses can be used.

The tax-based values of tax losses carried forward are included in the statement of deferred tax if it is probable that the losses can be utilised.

Deferred tax assets which are not expected utilised within a few years have been disclosed in notes under contingent assets.

Financial liabilities

Other liabilities other than provisions have been measured at amortised cost which corresponds to nominal value.

<u>Note</u>	<u>2017</u>	<u>2016</u>
GROSS PROFIT/LOSS	14.011.385	12.575.238
3,4 Amortisation, depreciation and impairment losses	<u>-7.286.561</u>	<u>-4.885.567</u>
OPERATING PROFIT/LOSS	6.724.824	7.689.671
OPERATING PROFIT/LOSS	6.724.824	7.689.671
1 Other financial expenses	<u>-116.607</u>	<u>-181.454</u>
PROFIT/LOSS BEFORE TAX	6.608.217	7.508.217
2 Tax on profit/loss for the year	<u>-1.053.355</u>	<u>-1.468.744</u>
PROFIT/LOSS FOR THE YEAR	<u><u>5.554.862</u></u>	<u><u>6.039.473</u></u>

DISTRIBUTION ON PROFIT/LOSS

Retained earnings	<u>5.554.862</u>	<u>6.039.473</u>
PROFIT/LOSS FOR THE YEAR	<u><u>5.554.862</u></u>	<u><u>6.039.473</u></u>

<u>Note</u>	<u>31/12 2017</u>	<u>31/12 2016</u>
3 Completed development projects	32.506.967	15.614.948
3 Development projects in progress	<u>0</u>	<u>8.161.887</u>
INTANGIBLE ASSETS	<u>32.506.967</u>	<u>23.776.835</u>
4 Other fixtures and fittings, tools and equipments	<u>113.879</u>	<u>54.130</u>
PROPERTY, PLANT AND EQUIPMENT	<u>113.879</u>	<u>54.130</u>
5 Investments in group enterprises	<u>865.082</u>	<u>865.082</u>
FIXED ASSET INVESTMENTS	<u>865.082</u>	<u>865.082</u>
FIXED ASSETS	<u>33.485.928</u>	<u>24.696.047</u>
Receivables from group enterprises	<u>0</u>	<u>2.320.738</u>
RECEIVABLES	<u>0</u>	<u>2.320.738</u>
CURRENT ASSETS	<u>0</u>	<u>2.320.738</u>
TOTAL ASSETS	<u><u>33.485.928</u></u>	<u><u>27.016.785</u></u>

<u>Note</u>	<u>31/12 2017</u>	<u>31/12 2016</u>
Share capital	150.000	150.000
Share premium	0	8.975.000
Reserve for development costs	19.062.486	0
Retained earnings	<u>5.571.286</u>	<u>10.103.910</u>
EQUITY	<u>24.783.772</u>	<u>19.228.910</u>
2 Provision for deferred tax	<u>6.058.647</u>	<u>5.005.292</u>
PROVISIONS	<u>6.058.647</u>	<u>5.005.292</u>
Trade payables	0	31.625
Payables to group enterprises	1.128.891	772.357
Other payables	<u>1.514.618</u>	<u>1.978.601</u>
SHORT-TERM LIABILITIES OTHER THAN PROVISIONS	<u>2.643.509</u>	<u>2.782.583</u>
LIABILITIES OTHER THAN PROVISIONS	<u>2.643.509</u>	<u>2.782.583</u>
TOTAL EQUITY AND LIABILITIES	<u><u>33.485.928</u></u>	<u><u>27.016.785</u></u>
6 Contingent liabilities		
7 Assets charged and security		

STATEMENT OF CHANGES IN EQUITY

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	Share capital	Share premium	Reserve for development projects	Retained earnings	TOTAL
Equity at 1/1 2016	125.000	0	0	4.064.437	4.189.437
Increase of capital	25.000	8.975.000	0		9.000.000
Transferred from distribution of profit/loss	<u>0</u>	<u>0</u>	<u>0</u>	<u>6.039.473</u>	<u>6.039.473</u>
Equity at 1/1 2017	150.000	8.975.000	0	10.103.910	19.228.910
Adjustment beginning of year	0	0	9.035.577	-9.035.577	0
Transfer	0	-8.975.000	10.026.909	-1.051.909	0
Transferred from distribution of profit/loss	0	0	0	5.554.862	5.554.862
Revaluations of fixed assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Equity at 31/12 2017	<u><u>150.000</u></u>	<u><u>0</u></u>	<u><u>19.062.486</u></u>	<u><u>5.571.286</u></u>	<u><u>24.783.772</u></u>

1	Other financial expenses	2017	2016
	Interest expenses to group enterprises	99.061	123.784
	Other financial expenses	17.546	57.670
	I ALT	116.607	181.454

2 Corporation tax and deferred tax

	Income taxes	Deferred tax	Acc. to the inc. statement	2016
Payable at 1/1 2017	0	5.005.292		
Adjustment, previous years		-404.313	-404.313	
Tax on profit/loss for the year	0	1.457.668	1.457.668	1.468.744
PAYABLE AT 31/12 2017	0	6.058.647		
TAX ON PROFIT/LOSS FOR THE YEAR			1.053.355	1.468.744

3 List of fixed assets, amortisation and impairment, intangible assets

	Completed development projects	Development projects in progress	TOTAL	31/12 2016
Cost at 1/1 2017	28.962.981	8.161.887	37.124.868	25.007.950
Additions for the year	24.147.284	15.277.883	39.425.167	16.071.949
Disposals for the year	<u>0</u>	<u>-23.439.770</u>	<u>-23.439.770</u>	<u>-3.955.031</u>
COST AT 31/12 2017	<u>53.110.265</u>	<u>0</u>	<u>53.110.265</u>	<u>37.124.868</u>
Amortisation and impairment at 1/1 2017	13.348.033	0	13.348.033	8.481.641
Amortisation for the year	7.255.265	0	7.255.265	4.866.392
Amortisation and impairment, disposals for the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
AMORTISATION AND IMPAIRMENT AT 31/12 2017	<u>20.603.298</u>	<u>0</u>	<u>20.603.298</u>	<u>13.348.033</u>
CARRYING AMOUNT AT 31/12 2017	<u><u>32.506.967</u></u>	<u><u>0</u></u>	<u><u>32.506.967</u></u>	<u><u>23.776.835</u></u>

Development costs are capitalized and is being depreciated over 5 years as this is the lifespan of all major releases of work has been put into the development of version 6.0 which was released in 2017.

4 List of fixed assets, amortisation and depreciation,
property, plant and equipment

	Other fixtures and fittings, tools and equipments	TOTAL	31/12 2016
	<u> </u>	<u> </u>	<u> </u>
Cost at 1/1 2017	113.059	113.059	113.059
Additions for the year	91.045	91.045	0
Disposals for the year	<u>0</u>	<u>0</u>	<u>0</u>
 COST AT 31/12 2017	 <u>204.104</u>	 <u>204.104</u>	 <u>113.059</u>
 Amortisation, depreciation and impairment at 1/1 2017	 58.929	 58.929	 39.754
Impairment for the year	0	0	0
Depreciation for the year	31.296	31.296	19.175
Amortisation, depreciation and impairment, disposals for the year	<u>0</u>	<u>0</u>	<u>0</u>
 AMORTISATION, DEPRECIATION AND IMPAIRMENT AT 31/12 2017	 <u>90.225</u>	 <u>90.225</u>	 <u>58.929</u>
 CARRYING AMOUNT AT 31/12 2017	 <u><u>113.879</u></u>	 <u><u>113.879</u></u>	 <u><u>54.130</u></u>

5 Investments in group enterprises

	<u>Group enterprises</u>
Cost at 1/1 2017	<u>997.190</u>
COST AT 31/12 2017	<u>997.190</u>
Impairment losses at 1/1 2017	<u>-132.108</u>
IMPAIRMENT AT 31/12 2017	<u>-132.108</u>
CARRYING AMOUNT AT 31/12 2017	<u><u>865.082</u></u>

Investments in group enterprises comprise:

	<u>Registered in</u>	<u>Corporate form</u>	<u>Equity interest %</u>
Immune ApS Nepal PVT. Ltd	Nepal	Ltd.	100

6 Contingent liabilities

The company is jointly taxed with other group companies and is jointly liable with the other group companies for payable and unsettled corporation and withholding taxes. The total amount for payable corporate tax is shown in the annual report for LogPoint A/S. Any subsequent corrections to the corporate tax and withholding taxes on royalties, interests and dividends can lead to a higher liability for the Company.

7 Assets charged and security

Company pledge, nom. DKK 3.000.000, in the Company's operating equipment, inventory, debtors, goodwill etc has been deposited as security for the parent company's engagement with credit institution.