

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2018

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 27 / 5 2019

Jesper Zerlang
Chairman

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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
Lasse Sværke, 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 10.549.313 versus a gain of DKK 5.554.862 in 2017. The management considers the result as satisfactory.

The balance sheet total amounted to DKK 52.817.975 at the end of 2018 versus DKK 33.485.928 at the end of 2017. The Equity at the end of 2017 amounted to DKK 52.817.975 versus DKK 24.783.772 at the end of 2017. The number of employees has increased to 155 and is expected to increase further in 2019 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 2018 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 2018 and of the result of the Company's operations for the financial year 1 January - 31 December 2018.

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, 27th May 2019

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

Conclusion

We have performed an extended review of the financial statements of Immune ApS for the financial year 1 January - 31 December 2018. 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.

Based on our work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Managements responsibility 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 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors responsibility for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review 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 in the Management's review.

Søborg, 27th May 2019

inforevision

statsautoriseret revisionsaktieselskab
(CVR-nr. 19263096)

Kenny Madsen
State Authorized Public Accountant
mne33718

Lasse Sværke
State Authorized Public Accountant
mne34318

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 the 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 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 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.

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, continued

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>2018</u>	<u>2017</u>
GROSS PROFIT/LOSS	23.744.541	14.011.385
3,4 Amortisation and depreciation	<u>-10.239.604</u>	<u>-7.286.561</u>
OPERATING PROFIT/LOSS	13.504.937	6.724.824
OPERATING PROFIT/LOSS	13.504.937	6.724.824
Other financial income	56.078	0
1 Other financial expenses	<u>-35.917</u>	<u>-116.607</u>
PROFIT/LOSS BEFORE TAX	13.525.098	6.608.217
2 Tax on profit/loss for the year	<u>-2.975.785</u>	<u>-1.053.355</u>
PROFIT/LOSS FOR THE YEAR	<u><u>10.549.313</u></u>	<u><u>5.554.862</u></u>

DISTRIBUTION ON PROFIT/LOSS

Retained earnings	<u>10.549.313</u>	<u>5.554.862</u>
PROFIT/LOSS FOR THE YEAR	<u><u>10.549.313</u></u>	<u><u>5.554.862</u></u>

<u>Note</u>	<u>31/12 2018</u>	<u>31/12 2017</u>
3 Completed development projects	38.281.980	32.506.967
3 Development projects in progress	<u>10.861.797</u>	<u>0</u>
INTANGIBLE ASSETS	<u>49.143.777</u>	<u>32.506.967</u>
4 Other fixtures and fittings, tools and equipments	<u>76.547</u>	<u>113.879</u>
PROPERTY, PLANT AND EQUIPMENT	<u>76.547</u>	<u>113.879</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>50.085.406</u>	<u>33.485.928</u>
Receivables from group enterprises	<u>2.732.569</u>	<u>0</u>
RECEIVABLES	<u>2.732.569</u>	<u>0</u>
CURRENT ASSETS	<u>2.732.569</u>	<u>0</u>
TOTAL ASSETS	<u><u>52.817.975</u></u>	<u><u>33.485.928</u></u>

<u>Note</u>	<u>31/12 2018</u>	<u>31/12 2017</u>
Share capital	150.000	150.000
Share premium	0	0
Reserve for development costs	34.633.792	19.062.486
Retained earnings	<u>549.293</u>	<u>5.571.286</u>
EQUITY	<u>35.333.085</u>	<u>24.783.772</u>
2 Provision for deferred tax	<u>9.490.508</u>	<u>6.058.647</u>
PROVISIONS	<u>9.490.508</u>	<u>6.058.647</u>
Trade payables	1.279.354	0
Payables to group enterprises	3.696.864	1.128.891
Other payables	<u>3.018.164</u>	<u>1.514.618</u>
SHORT-TERM LIABILITIES OTHER THAN PROVISIONS	<u>7.994.382</u>	<u>2.643.509</u>
LIABILITIES OTHER THAN PROVISIONS	<u>7.994.382</u>	<u>2.643.509</u>
TOTAL EQUITY AND LIABILITIES	<u><u>52.817.975</u></u>	<u><u>33.485.928</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 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	<u>0</u>	<u>0</u>	<u>0</u>	<u>5.554.862</u>	<u>5.554.862</u>
Equity at 1/1 2018	150.000	0	19.062.486	5.571.286	24.783.772
Transfer	0	0	15.571.306	-15.571.306	0
Transferred from distribution of profit/loss	<u>0</u>	<u>0</u>	<u>0</u>	<u>10.549.313</u>	<u>10.549.313</u>
Equity at 31/12 2018	<u><u>150.000</u></u>	<u><u>0</u></u>	<u><u>34.633.792</u></u>	<u><u>549.293</u></u>	<u><u>35.333.085</u></u>

<u>1</u>	<u>Other financial expenses</u>	<u>2018</u>	<u>2017</u>
	Interest expenses to group enterprises	30.934	99.061
	Other financial expenses	<u>4.983</u>	<u>17.546</u>
	I ALT	<u><u>35.917</u></u>	<u><u>116.607</u></u>

2 Corporation tax and deferred tax

	<u>Income taxes</u>	<u>Deferred tax</u>	<u>Acc. to the inc. statement</u>	<u>2017</u>
Payable at 1/1 2018	0	6.058.647		
Adjustment, previous years	-456.076	456.076		-404.313
Received during the year	456.076			
Tax on profit/loss for the year	<u>0</u>	<u>2.975.785</u>	<u>2.975.785</u>	<u>1.457.668</u>
PAYABLE AT 31/12 2018	<u><u>0</u></u>	<u><u>9.490.508</u></u>		
TAX ON PROFIT/LOSS FOR THE YEAR			<u><u>2.975.785</u></u>	<u><u>1.053.355</u></u>

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

	Completed development projects	Development projects in progress	TOTAL	31/12 2017
Cost at 1/1 2018	53.110.265	0	53.110.265	37.124.868
Additions for the year	970.935	25.868.147	26.839.082	39.425.167
Transfer	<u>15.006.350</u>	<u>-15.006.350</u>	<u>0</u>	<u>-23.439.770</u>
 COST AT 31/12 2018	 <u>69.087.550</u>	 <u>10.861.797</u>	 <u>79.949.347</u>	 <u>53.110.265</u>
 Amortisation and impairment at 1/1 2018	 20.603.298	 0	 20.603.298	 13.348.033
Amortisation for the year	10.202.272	0	10.202.272	7.255.265
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 2018	 <u>30.805.570</u>	 <u>0</u>	 <u>30.805.570</u>	 <u>20.603.298</u>
 CARRYING AMOUNT AT 31/12 2018	 <u><u>38.281.980</u></u>	 <u><u>10.861.797</u></u>	 <u><u>49.143.777</u></u>	 <u><u>32.506.967</u></u>

Development costs are capitalized and is being depreciated over 5 years as this is the lifespan of all major releases.

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

	Other fixtures and fittings, tools and equipments	TOTAL	31/12 2017
Cost at 1/1 2018	204.104	204.104	113.059
Additions for the year	0	0	91.045
Disposals for the year	0	0	0
COST AT 31/12 2018	204.104	204.104	204.104
Amortisation, depreciation and impairment at 1/1 2018	90.225	90.225	58.929
Impairment for the year	0	0	0
Depreciation for the year	37.332	37.332	31.296
Amortisation, depreciation and impairment, disposals for the year	0	0	0
AMORTISATION, DEPRECIATION AND IMPAIRMENT AT 31/12 2018	127.557	127.557	90.225
CARRYING AMOUNT AT 31/12 2018	76.547	76.547	113.879

5 Investments in group enterprises

	<u>Group enterprises</u>
Cost at 1/1 2018	<u>997.190</u>
COST AT 31/12 2018	<u>997.190</u>
Impairment losses at 1/1 2018	<u>-132.108</u>
IMPAIRMENT AT 31/12 2018	<u>-132.108</u>
CARRYING AMOUNT AT 31/12 2018	<u><u>865.082</u></u>

Investments in group enterprises comprise:

	<u>Registered in</u>	<u>Corporate form</u>	<u>Equity interest %</u>
Logpoint 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.