

# Deloitte

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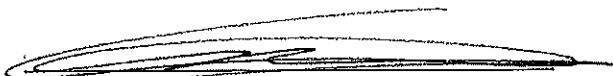
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**Progress Software A/S**  
Sundkrogsgade 21  
2100 Copenhagen Ø  
Central Business Registration No  
77357211

**Annual report 2015/16**

The Annual General Meeting adopted the annual report on 15,05.2017

**Chairman of the General Meeting**



Name: Leendert Steendijk

Member of Deloitte Touche Tohmatsu Limited

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## Entity details

### Entity

Progress Software A/S  
Sundkrogsgade 21  
2100 Copenhagen Ø

Central Business Registration No: 77357211  
Registered In: Copenhagen  
Financial year: 01.12.2015 - 30.11.2016

### Board of Directors

Brian Patrick Flanagan  
Domenic Lococo  
Leendert Steendijk

### Executive Board

Leendert Steendijk

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weldekampsgade 6  
Postboks 1600  
0900 København 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 Progress Software A/S for the financial year 01.12.2015 - 30.11.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.11.2016 and of the results of its operations for the financial year 01.12.2015 - 30.11.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

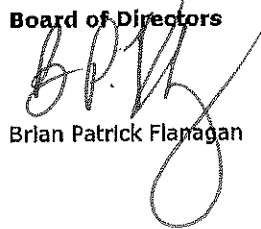
Copenhagen, 15.05.2017

### Executive Board

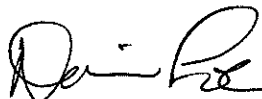


Leendert Steendijk

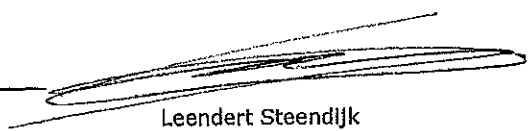
### Board of Directors



Brian Patrick Flanagan



Domenic Lococo



Leendert Steendijk

## Independent auditor's report

### To the shareholders of Progress Software A/S

#### Opinion

We have audited the financial statements of Progress Software A/S for the financial year 01.12.2015 - 30.11.2016, which comprise the Income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.11.2016 and of the results of its operations for the financial year 01.12.2015 - 30.11.2016 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibilities for the financial statements

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

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

#### Auditor's responsibilities for the audit of the financial statements

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

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

## Independent auditor's report

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

## Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

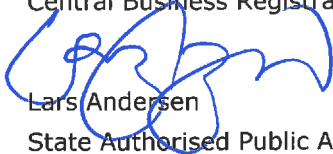
### **Violation of legislation on financial reporting and similar**

Without qualifying our opinion, we point out that the accounting records of the Company are retained on servers outside Danish borders. The requirements for this practise have not been met contrary to the Danish Bookkeeping Act.

Copenhagen, 15.05.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556



Lars Andersen  
State Authorised Public Accountant

## Management commentary

### Primary activities

The company's main activity comprises sale and distribution of computer development software and related support, training and consultancy services.

### Development in activities and finances

The profit for the year amount to DKK 348 thousand which is considered satisfactory.

### Events after the balance sheet date

The Company merged with its subsidiary Telerik Denmark A/S with effect from 15. June 2016.



## Income statement for 2015/16

|  | <u>Notes</u> | <u>2015/16</u><br><u>DKK</u> | <u>2014/15</u><br><u>DKK</u> |
|--|--------------|------------------------------|------------------------------|
| <b>Gross profit</b>                              | 1            | <b>786.563</b>               | <b>332.410</b>               |
| Staff costs                                      | 2            | (466.342)                    | 0                            |
| Depreciation, amortisation and Impairment losses |              | <u>(29.740)</u>              | <u>0</u>                     |
| <b>Operating profit/loss</b>                     |              | <b>290.481</b>               | <b>332.410</b>               |
| Other financial income                           | 3            | 191.218                      | 0                            |
| Impairment of financial assets                   |              | 0                            | (2.966.513)                  |
| Other financial expenses                         | 4            | <u>(17.908)</u>              | <u>(132.305)</u>             |
| <b>Profit/loss before tax</b>                    |              | <b>463.791</b>               | <b>(2.766.408)</b>           |
| Tax on profit/loss for the year                  | 5            | <u>(115.286)</u>             | <u>(103.832)</u>             |
| <b>Profit/loss for the year</b>                  |              | <b><u>348.505</u></b>        | <b><u>(2.870.240)</u></b>    |
| <b>Proposed distribution of profit/loss</b>      |              |                              |                              |
| Retained earnings                                |              | <u>348.505</u>               | <u>(2.870.240)</u>           |
|  |              | <b><u>348.505</u></b>        | <b><u>(2.870.240)</u></b>    |

## Balance sheet at 30.11.2016

|  | <u>Notes</u> | <u>2015/16</u><br><u>DKK</u> | <u>2014/15</u><br><u>DKK</u> |
|--|--------------|------------------------------|------------------------------|
| Goodwill   |              | 294.701                      | 0                            |
| <b>Intangible assets</b>                         | <b>6</b>     | <b>294.701</b>               | <b>0</b>                     |
| Other fixtures and fittings, tools and equipment |              | 0                            | 0                            |
| <b>Property, plant and equipment</b>             | <b>7</b>     | <b>0</b>                     | <b>0</b>                     |
| Investments in group enterprises                 |              | 0                            | 4.989.384                    |
| Deferred tax                                     |              | 628.538                      | 807.746                      |
| <b>Fixed asset investments</b>                   | <b>8</b>     | <b>628.538</b>               | <b>5.797.130</b>             |
| <b>Fixed assets</b>                              |              | <b>923.239</b>               | <b>5.797.130</b>             |
| Trade receivables                                |              | 2.942.337                    | 2.789.510                    |
| Receivables from group enterprises               |              | 6.125.725                    | 0                            |
| Prepayments                                      |              | 4.251                        | 0                            |
| <b>Receivables</b>                               |              | <b>9.072.313</b>             | <b>2.789.510</b>             |
| <b>Cash</b>                                      |              | <b>4.501.985</b>             | <b>6.869.214</b>             |
| <b>Current assets</b>                            |              | <b>13.574.298</b>            | <b>9.658.724</b>             |
| <b>Assets</b>                                    |              | <b>14.497.537</b>            | <b>15.455.854</b>            |

## Balance sheet at 30.11.2016

|  | <u>Notes</u> | <u>2015/16</u><br><u>DKK</u> | <u>2014/15</u><br><u>DKK</u> |
|--|--------------|------------------------------|------------------------------|
| Contributed capital                                  | 9            | 500.000                      | 500.000                      |
| Retained earnings                                    |              | <u>1.644.106</u>             | <u>1.295.601</u>             |
| <b>Equity</b>  |              | <b><u>2.144.106</u></b>      | <b><u>1.795.601</u></b>      |
| Payables to group enterprises                        |              | <u>0</u>                     | <u>7.955.898</u>             |
| <b>Non-current liabilities other than provisions</b> |              | <b><u>0</u></b>              | <b><u>7.955.898</u></b>      |
| Payables to group enterprises                        |              | 7.883.760                    | 912.530                      |
| Income tax payable                                   |              | 661.517                      | 56.927                       |
| Other payables                                       | 10           | 962.535                      | 1.078.485                    |
| Deferred income                                      |              | <u>2.845.619</u>             | <u>3.656.413</u>             |
| <b>Current liabilities other than provisions</b>     |              | <b><u>12.353.431</u></b>     | <b><u>5.704.355</u></b>      |
| <b>Liabilities other than provisions</b>             |              | <b><u>12.353.431</u></b>     | <b><u>13.660.253</u></b>     |
| <b>Equity and liabilities</b>                        |              | <b><u>14.497.537</u></b>     | <b><u>15.455.854</u></b>     |
| Contingent liabilities                               | 11           |                              |                              |
| Related parties with controlling interest            | 12           |                              |                              |
| Group relations                                      | 13           |                              |                              |

**Statement of changes in equity for 2015/16**

|                           | <b>Contributed<br/>capital<br/>DKK</b> | <b>Retained<br/>earnings<br/>DKK</b> | <b>Total<br/>DKK</b> |
|---------------------------|--|--------------------------------------|----------------------|
| Equity beginning of year  | 500.000                                | 1.295.601                            | 1.795.601            |
| Profit/loss for the year  | 0                                      | 348.505                              | 348.505              |
| <b>Equity end of year</b> | <b>500.000</b>                         | <b>1.644.106</b>                     | <b>2.144.106</b>     |

## Notes

### 1. Gross profit

For competitive reasons, disclosure is only made of gross profit. We refer to section 32 of the Danish Financial Statements Act. Gross profit includes revenue, less cost of sales and other external expenses.

|                       | <u>2015/16</u><br>DKK | <u>2014/15</u><br>DKK |
|-----------------------|-----------------------|-----------------------|
| <b>2. Staff costs</b> |                       |                       |
| Wages and salaries    | 462.634               | 0                     |
| Pension costs         | 3.708                 | 0                     |
|                       | <u>466.342</u>        | <u>0</u>              |

|                                  | <u>2015/16</u><br>DKK | <u>2014/15</u><br>DKK |
|----------------------------------|-----------------------|-----------------------|
| <b>3. Other financial income</b> |                       |                       |
| Interest income                  | 25                    | 0                     |
| Exchange rate adjustments        | 191.193               | 0                     |
|                                  | <u>191.218</u>        | <u>0</u>              |

|                                    | <u>2015/16</u><br>DKK | <u>2014/15</u><br>DKK |
|------------------------------------|-----------------------|-----------------------|
| <b>4. Other financial expenses</b> |                       |                       |
| Interest expenses                  | 5.603                 | 36.707                |
| Exchange rate adjustments          | 12.305                | 95.598                |
|                                    | <u>17.908</u>         | <u>132.305</u>        |

|   | <u>2015/16</u><br>DKK | <u>2014/15</u><br>DKK |
|---|-----------------------|-----------------------|
| <b>5. Tax on profit/loss for the year</b> |                       |                       |
| Tax on current year taxable income        | (63.089)              | 56.927                |
| Change in deferred tax for the year       | 178.375               | (8.152)               |
| Adjustment concerning previous years      | 0                     | (17)                  |
| Effect of changed tax rates               | 0                     | 55.074                |
|   | <u>115.286</u>        | <u>103.832</u>        |

## Notes

|   | <b>Goodwill<br/>DKK</b>   |
|---|---|
| <b>6. Intangible assets</b>                               |   |
| Addition through business combinations etc                | <u>324,441</u>  |
| <b>Cost end of year</b>                                   | <u><b>324,441</b></u>   |
| Amortisation for the year                                 | <u>(29,740)</u>   |
| <b>Amortisation and impairment losses end of year</b>     | <u><b>(29,740)</b></u>  |
| <b>Carrying amount end of year</b>                        | <u><b>294,701</b></u>   |
|   | <b>Other<br/>fixtures and<br/>fittings,<br/>tools and<br/>equipment<br/>DKK</b> |
| <b>7. Property, plant and equipment</b>                   |   |
| Additions   | <u>18,539</u>   |
| <b>Cost end of year</b>                                   | <u><b>18,539</b></u>  |
| Depreciation for the year                                 | <u>(18,539)</u>   |
| <b>Depreciation and impairment losses end of the year</b> | <u><b>(18,539)</b></u>  |
| <b>Carrying amount end of year</b>                        | <u><b>0</b></u>   |
|   | <b>Investment<br/>s in group<br/>enterprises<br/>DKK</b>                        |
| <b>8. Fixed asset investments</b>                         |   |
| Cost beginning of year                                    | 7,955,897   |
| Disposals   | <u>(7,955,897)</u>  |
| <b>Cost end of year</b>                                   | <u><b>0</b></u>   |
| Impairment losses beginning of year                       | (2,966,513)   |
| Reversal of impairment losses                             | <u>2,966,513</u>  |
| <b>Impairment losses end of year</b>                      | <u><b>0</b></u>   |
| <b>Carrying amount end of year</b>                        | <u><b>0</b></u>   |

## Notes

|                               | <u>Number</u> | <u>Par value<br/>DKK</u> | <u>Nominal<br/>value<br/>DKK</u> |
|-------------------------------|---------------|--------------------------|----------------------------------|
| <b>9. Contributed capital</b> |               |                          |                                  |
| Ordinary                      | 500           | 1000                     | 500.000                          |
|                               | <u>500</u>    |                          | <u>500.000</u>                   |

|                           | <u>2015/16<br/>DKK</u> | <u>2014/15<br/>DKK</u> |
|---------------------------|------------------------|------------------------|
| <b>10. Other payables</b> |                        |                        |
| VAT and duties            | 435.004                | 1.078.466              |
| Other costs payable       | <u>527.531</u>         | <u>19</u>              |
|                           | <u>962.535</u>         | <u>1.078.485</u>       |

### 11. Contingent liabilities

The Company has entered an office rent commitment of DKK 12.000.

### 12. Related parties with controlling interest

Progress Software Corporation, 14 Oak Park, Bedford Massachusetts 01730, USA

### 13. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Progress Software Corporation, 14 Oak Park, Bedford Massachusetts 01730, USA

## Accounting policies

### Reporting class

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

The accounting policies applied to 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.

### Business combinations

The Company merged with its subsidiary Telerik Denmark A/S with effect from 15. June 2016.

The book value method is used for intragroup mergers, under which all assets and liabilities are transferred at book value at the merger date.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises invoiced sales during the year of licences, consultancy services and service contracts adjusted for prepayments received less cost of sales and other external costs.

#### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.



## 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 writedowns 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, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and foreign currency transactions, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Impairment of financial assets

Impairment of financial assets comprises impairment of financial assets which are not measured at fair value on a current basis.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and foreign currency transactions, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### 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

#### Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary

## Accounting policies

nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Plant and machinery as well as 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 | 1 year |
|--|--------|

Estimated useful lives and residual values are reassessed annually.

Items of 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.

### 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.

### Receivables

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

### 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.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Income tax receivable or payable

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

### Deferred income

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