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Registered No: 07768739

APPDYNAMICS UK LTD

REVISED REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2019

AppDynamics UK Ltd

Contents

AppDynamics UK Ltd

Directors

Daniel Wright (resigned 1 October 2019)
Elise Leung (resigned 1 August 2019)
Jonathan Elstein
Christopher O'Connell
Sajaid Rashid
George Karamanos (appointed 1 August 2019)

Registered Office

5 Market Yard Mews
194-204 Bermondsey Street
London SE1 3TQ

Company Number

07768739

Auditors

BDO LLP
55 Baker Street, London, W1U 7EU

Revised Strategic Report

Review of the Business

AppDynamics UK Ltd (the "Company") and its subsidiaries (the "Group") are charged with selling Cisco BV's products and services in Europe, Asia and Australasia.

The Group provides an innovative performance management software platform that simplifies the management of complex, business-critical software applications, focusing on real-time IT infrastructure feedback and ease of use. The Group licences software through the sale of on-premise time-based and perpetual software license agreements and fully outsourced cloud software subscription platform, for its application performance monitoring for various programming languages, database monitoring, end user monitoring and other software products. In addition to software licences, the Group also provides services in the form of maintenance and support, professional services and training.

During the year ended 31 January 2019, the Group recorded sales of $197,517,000 (2018: $110,531,000). This increase was as a result of the growth in demand and the continued high reputation of the Group's products, which enabled the Group's booking revenue to grow. Also a factor was the change in the accounting policy for revenue, which has resulted in an increase in revenue of $29,568,000 for periods up to 31 July 2018. As it has been impracticable to determine the allocation of this amount to previous periods, this revenue has all been included in the current period.

The Group has recorded a profit during the year ended 31 January 2019 of $23,193,000 (2018: $31,745,000 loss) as a result of the strong revenue growth exceeding the increase in the Group's cost base.

There was a decrease in the consolidated net liabilities to $159,634,000 (2018: $190,039,000) as a result of the profit recorded in the period. As at 31 January 2019, the Group had net current liabilities of $82,618,000 (2018: $74,629,000) and cash of $70,000,000 (2018: $74,356,000).

AppDynamics UK Ltd

Revised Strategic Report (Continued)

Key performance indicators

The Group's key performance indicators are turnover to third parties and the result in the year. These indicators are monitored both by senior management and the Board on a regular basis.

	2019 $'000	2018 $'000
Turnover	197,517	110,531
Profit / (Loss) on Ordinary Activities before Taxation	25,887	(30,937)

Risks and Uncertainties

The Directors are aware of the risks to the business relating to general economic conditions and these risks are managed through regular reviews of their impact on the Group.

Financial Risk Management

The Group has various financial instruments such as trade debtors and trade creditors that arise directly from operations. The Directors do not consider that the fair value of these instruments differs from the book value. The main risks arising from the Group's financial instruments are discussed below.

Credit Risk

Debtor balances are monitored on an on-going basis, with the result that exposure to bad debts has not been significant. The amount of exposure to any individual counterparty is limited and is continually reassessed.

Liquidity and Cash Flow Risk

The Group actively monitors current cash flow requirements and continually forecasts future cash flows in order to maintain liquidity and ensure that sufficient funds are available for on-going operations.

Market Risk

Competition in the market place, including the current economic outlook and strength of the market, has a direct correlation to the Group's performance.

The Directors are aware of the risks to the business relating to general economic conditions including as a result of the United Kingdom "Brexit" withdrawal from the European Union, the current economic challenges in China, including global economic ramifications of Chinese economic difficulties, and other disruptions may continue to put pressure on global economic conditions. If global economic and market conditions, or economic conditions in key markets, remain uncertain or deteriorate further, we may experience material impacts on our business, operating results, and financial condition. These risks are managed through regular reviews of their impact on the Group.

AppDynamics UK Ltd

Revised Strategic Report (Continued)

Risks and Uncertainties (continued)

Brexit
The United Kingdom ("UK") has left the European Union ("EU") on 31 January 2020 with the intent of completing a new trade agreement by the end of 2020 and it is not yet clear whether a new trade agreement will be in place between the UK and the EU by then. Leaving the EU (and particularly the customs union) will have a wide range of potential impacts on the Group, particularly in relation to VAT, customs procedures and export licensing. The Group has undertaken detailed planning since 2016 in order to assess the potential impacts on all areas of its business and to mitigate them where possible. These plans have also been reviewed by external legal counsel.

While the situation is continuing to evolve, the Group does not anticipate any additional direct costs for our customers or partners as a result of Brexit, whether in relation to the purchase of products or services. The Group also does not anticipate any material changes to existing contracts.

Coronavirus ("COVID-19")
Beginning calendar year 2020, the world has been confronted with the outbreak of the Coronavirus disease 2019 (COVID-19), having a widespread impact on the global economy. The company has assessed the impact on the business and its financial position as a result of the ongoing COVID-19 pandemic. No significant change to the business is expected to arise in the foreseeable future as a consequence of this pandemic. Furthermore the company has a letter of support from its ultimate parent company, Cisco Systems Inc., stating that if and when required that support will be given to the company so it can pay its liabilities as they fall due for a period in excess of 12 months from the date of the approval of these accounts. The company has assessed whether it can rely upon the letter of support and has no concerns in that regard.

The Company is an integral part of the Cisco group and from the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Cisco group, including those related to the COVID-19 pandemic, which have been addressed in the group's Q3-FY20 quarterly report (Form 10-Q filing). This quarterly report does not form part of this report but is publicly available.

This revised Strategic Report was approved by the Company's Board of Directors and was signed on their behalf by:

Sajaid Rashid

Sajaid Rashid
Director
Dated: 7/31/2020

AppDynamics UK Ltd

Revised Directors' Report

The directors present their revised annual report and the audited revised financial statements for the year ended 31 January 2019.

Please refer to the Revised Strategic Report on pages 1 to 3 for the names of the Directors, review of the business, a discussion of the risks and uncertainties and key performance indicators.

Revision of the financial statements

These are a revised set of financial statements which replace the original financial statements for the year ended 31 January 2019 which were approved by the directors on 11 November 2019 and will now be the financial statements of the Group for the financial year. The Group has made a number of amendments to original financial statements which did not comply with the requirements of the Companies Act 2006.

In order to present compliant financial statements the directors have taken the decision to prepare and file revised financial statements for the year ended 31 January 2019. Due to a clerical error, the original financial statements were filed with Companies House prior to the Independent Auditor's Report approval. The financial statements therefore did not comply with Companies Act 2006, which requires the auditor's report to be signed and dated.

A summary of revisions and impact on the original financial statements is detailed below:

Strategic report

A revised strategic report has been included based on the revised set of financial statements.

Impact on Consolidated Statement of Comprehensive Income

Turnover has been increased by $2,529,000 to $197,517,000 (the original value being recorded at $194,988,000) and operating expenses has been increased by $64,000 to $169,826,000 (the original value being recorded at $169,762,000).

The total impact of the revisions, being $2,465,000, has been recorded in operating profit (the original value being recorded at $25,226,000 and now recorded at $27,691,000).

Gain on disposal of investment has been decreased by $68,000 to $66,000 (the original value being recorded at $134,000).

The total impact of the revisions, being $2,397,000, has been recorded in profit on ordinary activities before taxation (the original value being recorded at $23,490,000 and now recorded at $25,887,000) and the profit for the financial year (the original value being recorded at $20,796,000 and now recorded at $23,193,000) within the statement of comprehensive income.

Exchange differences on translation of foreign operations has been increased by $1,222,000 to $7,212,000 (the original value being recorded at $5,990,000).

The total impact of the revisions, being $2,397,000 to profit for the financial year and $1,222,000 to other comprehensive income, has been recorded in total comprehensive gain for the financial year (the original value being recorded at $26,786,000 and now recorded at $30,405,000) within the consolidated statement of comprehensive income.

There has been no revision to the profit for the year for the Company.

AppDynamics UK Ltd

Revised Directors' Report (Continued)

Revision of the financial statements (continued)

Impact on Consolidated Statement of Financial Position

As a result of the revision to the consolidated statement of comprehensive income, there have been changes in the recorded value of debtors, amounts falling due within one year (the original value being recorded at $51,438,000 and now recorded at $58,226,000), cash at bank (the original value being recorded at $70,017,000 and now recorded at $70,000,000), creditors, amounts falling due within one year (the original value being $224,704,000 and now recorded at $225,524,000), the creditors, amounts falling due after one year (the original value being recorded at $78,303,000 and now recorded at $81,634,000), the recorded value of net current liabilities (the original value being recorded at $89,569,000 and now recorded at $82,618,000), the recorded value of total assets less current liabilities (the original value being recorded at $84,951,000 and now recorded at $78,000,000) and net liabilities (the original value being recorded at $163,253,000 and now recorded at $159,634,000) within the statement of financial position.

As a result of the revisions, there have been changes (at value $8,790,000) in the recorded value of accumulated losses (the original value being recorded at $193,373,000 and now recorded at $184,583,000), changes (at value of $5,171,000) in the recorded value of the translation reserve (the original value being recorded at $10,712,000 and now recorded at $5,541,000) and the recorded value of total capital and reserves (the original value being recorded at $163,253,000 and now recorded at $159,634,000). This impact has also been reflected in the consolidated statement of changes in equity.

There has been no revision to the statement of financial position for the Company.

Impact on Consolidated Statement of Cash Flows

As a result of the revisions, there have been changes in the operating profit (the original value being recorded at $25,226,000 and now recorded at $27,691,000), increase in debtors (the original value being recorded at $1,415,000 and now recorded at $24,716,000), decrease in creditors (the original value being recorded at $29,252,000 and now recorded at $25,070,000), tax paid (the original value being recorded at $861,000 and now recorded at $860,000) and movement in translation reserve (the original value being recorded at $5,990,000 and now recorded at $7,212,000). The total impact of the revisions, being a decrease of $15,431,000, has been reflected in recorded value of the net cash used in operating activities.

As a result of the revisions, there have been changes in the receipt of unpaid consideration (the original value being $nil and now recorded at $15,414,000) and the recorded value of the net cash generated from investing activities (the original value being net cash used of $3,531,000 and now recorded at $11,883,000 generated).

The total impact of the revisions, being $17,000 net decrease to cash at bank, has been recorded in cash at bank at the end of the year (the original value being recorded at $70,017,000 and now recorded at $70,000,000) with the consolidated statement of cash flows.

Impact on Notes to the Financial Statements

As a result of the revision, there have been changes (at a total value of $2,529,000) in the analysis of turnover by geographical region per note 3. This has impacted the recorded value of turnover for the Europe region (the original value being $159,656,000 and now recorded at $161,727,000), the Asia Pacific region (the original value being $33,282,000 and now recorded at $33,714,000) and the Americas region (the original value being $2,050,000 and now recorded at $2,076,000).

As a result of the revision, there have been changes (at value of $2,397,000) in the reconciliation of the effective tax rate per note 6 (b). This has impact the recorded value of the profit before tax (the original value being $23,490,000 and now recorded at $25,887,000), the recorded value of tax at the UK corporation tax rate of 19% (the original value being $4,463,000 and now recorded at $4,919,000), the recorded value of expenses not deductible for tax purposes (the original value being $171,000 and now recorded at $258,000) and the recorded value of the difference in tax rates with foreign subsidiaries (the original value being $438,000 and now recorded at $105,000).

AppDynamics UK Ltd

Revised Directors' Report (Continued)

Revision of the financial statements (continued)

Impact on Notes to the Financial Statements (continued)

As a result of the revision, notes 8 and 20 now record that the consideration of $3,286,000 for the disposal of AppDynamics SARL remains unpaid.

As a result of the revision, there have been changes (at a total value of $6,788,000) in the analysis of group debtors per note 10. This has impacted the recorded value of amounts due from ultimate parent company (the original value being $4,150,000 and now recorded at $nil), amounts due from intermediate parent (the original value being $nil and now recorded at $5,823,000), amounts due from fellow group companies (the original amount being $5,823,000 and now recorded at $10,775,000), amounts due to corporate tax (the original value being $325,000 and now recorded at $232,000), deferred tax (the original value being $nil and now recorded at $93,000) and other taxation and social security (the original value being $nil and now recorded at $161,000).

As a result of the revision, there have been changes (at a total value of $180,000) in the analysis of group creditors due within one year per note 11. This has impacted the recorded value of accruals and deferred income (the original value being $83,032,000 and now recorded at $83,033,000), amounts owed to ultimate parent company (the original value being $104,549,000 and now recorded at $nil), the amounts owed to fellow group companies (the original value being $8,567,000 and now recorded at $113,116,000) and other taxation and social security (the original value being $181,000 and now recorded at $nil).

As a result of the revision, there have been changes (at a total value of $3,331,000) in the analysis of group creditors due after one year per note 12. This has impacted the recorded value of amount owed to intermediate parent company (the original value being $59,328,000 and now recorded at $62,659,000).

As a result of the revision, there have been changes (at a total value of $68,000) in the analysis of the gain on disposal per note 20. This has impacted the value of the current assets disposed of (the original value being $1,080,000 and now recorded at $158,000), the current liabilities disposed of (the original value being $1,011,000 and now recorded at $21,000) and the recorded value of net assets disposed of (the original value being $69,000 and now recorded at $137,000).

As a result of the revision note 21 now records a description of the liquidation of AppDynamics Netherlands B.V., AppDynamics S.L.U. and AppDynamics Sdn. Bhd.

Result and Dividends

The Group made a revised profit for the year ended 31 January 2019 of $23,193,000 (2018: loss of $31,745,000). No dividend was paid in the year (2018: £nil). The Directors do not propose a final dividend for the year.

Auditor

On 1 February 2019, Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens has resigned as auditor in their place.

Statement as to disclosure of information to auditors

Each person who is a Director at the time when this report is approved has confirmed that:

(a) so far as the Director is aware there is no relevant audit information of which the Company's auditors are unaware; and

(b) the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This revised Director's Report was approved by the Company's Board of Directors and was signed on their behalf by:

Sajaid Rashid Sajaid Rashid
Director
Dated: 7/31/2020

AppDynamics UK Ltd

Statement of Directors' Responsibilities

The directors are responsible for preparing the Revised Directors' Report, Revised Strategic Report and the revised financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the revised financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the revised financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these revised financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the revised financial statements; and
- prepare the revised financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the revised financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of AppDynamics UK Ltd

Qualified opinion

We have audited the revised financial statements of AppDynamics UK Ltd (the "parent company") and its subsidiaries (the "Group") for the year ended 31 January 2019 which comprise the revised consolidated statement of comprehensive income, the revised consolidated statement financial position, the company statement of financial position, the revised consolidated statement of changes in equity, the company statement of changes in equity, the revised consolidated statement of cash flow and revised notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

The revised financial statements have been prepared under the Companies Act (Revision of Defective Accounts and Reports (Amendment) Regulations 2013.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the revised financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 January 2019 and of its profit for the year then ended;
- the revised group financial statements have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practice;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006. as they have effect under the Companies (Revision of Defective Accounts and Reports) (Amendment) Regulations 2008.

Emphasis of matter – revision of financial statements

We draw attention to note 22 to these revised financial statements which describes the need for revision as the original financial statements were approved by the directors on 11 November 2019, but our audit report was not approved. Our opinion is not modified in this respect.

Basis for qualified opinion

With effect from 1 August 2018, the Group's revenue recognition accounting policy was changed. It has been impracticable for the Group to determine the impact of this change in accounting policy on the consolidated statement of financial position as at 31 January 2018 and 1 February 2017 and the consolidated statement of comprehensive income for the year ended 31 January 2018 and 31 January 2019. Consequently the total impact of the revenue change for the period prior to 1 August 2018 of $29,568,000 has been recorded in the consolidated statement of comprehensive income for the year ended 31 January 2019. Any adjustment to this amount as a result of allocations to prior periods could have a material impact on the financial performance for the year ended 31 January 2018 and 31 January 2019 and the Group was unable to determine the quantum of such adjustment.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 qualified audit opinion.

Independent Auditors' Report to the Members of AppDynamics UK Ltd (continued)

Material uncertainty relation to going concern

We draw your attention to note 2(a) in the revised financial statements, which indicates that the Group is reliant on the financial support of a group company. As stated in note 2(a), these events or conditions, along with the other matters as set out in note 2(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and its ability to settle its liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report and revised financial statements, other than the revised financial statements and our auditor's report thereon. Our opinion on the revised financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the revised financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the revised financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the impact of changes in the financial performance for year ended 31 January 2018 and 31 January 2019 as a result of the change in the revenue recognition accounting policy. We have concluded that where the other information refers to the revenue balance or related balances such as profit on ordinary activities before taxation, it is materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the revised Strategic Report and the revised Directors' Report for the financial year for which the revised financial statements are prepared is consistent with the revised financial statements; and

- the revised Strategic Report and the revised Directors' Report have been prepared in accordance with applicable legal requirements.

In our opinion, the original financial statements for the year ended 31 January 2019 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in note 22 to the revised financial statements.

Independent Auditors' Report to the Members of AppDynamics UK Ltd (continued)

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the revised Strategic Report or the revised Directors' Report.

Arising solely from the limitation on the scope of our work relating to comparative revenue recognition, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- adequate accounting records have not been kept.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the revised financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the revised financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of revised financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the revised financial statements, the directors are 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 the directors either intend to liquidate the Group or the parent company or to cease operations, or have 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(UK) 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.

A further description of our responsibilities for the audit of the revised financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in respects identified by the directors. The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Independent Auditors' Report to the Members of AppDynamics UK Ltd (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Ayres, *Senior Statutory Auditor*

For and on behalf of BDO LLP, *Statutory Auditor*
London, UK
Dated: 04 August 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

AppDynamics UK Ltd

Revised Consolidated Statement of Comprehensive Income
For the year ended 31 January 2019

	Note	2019 $'000	2018 $'000
Turnover	2(c),3	197,517	110,531
Operating expenses		(169,826)	(158,476)
Operating Profit / (Loss)	4	27,691	(47,945)
Interest payable		(1,870)	(1,676)
Gain on disposal of investment	20	66	18,684
Profit / (Loss) on Ordinary Activities before Taxation		25,887	(30,937)
Taxation	6	(2,694)	(808)
Profit / (Loss) for the Financial Year		23,193	(31,745)
Exchange differences on translation of parent		-	2,278
Exchange differences on translation of foreign operations		7,212	(16,596)
Total Comprehensive Gain / (Loss) for the Financial Year		30,405	(46,063)

All amounts relate to continuing activities.

AppDynamics UK Ltd

Revised Consolidated Statement of Financial Position – 31 January 2019

	Note	2019	2018
		$'000	$'000
Fixed Assets			
Tangible fixed assets	7	4,618	2,432
Intangible assets	9	-	45
		4,618	2,477
Current Assets			
Debtors: amounts falling due in more than one year	10	14,680	-
Debtors: amounts falling due within one year	10	58,226	63,294
Cash at bank		70,000	74,356
		142,906	137,650
Creditors: Amounts falling due within one year	11	(225,524)	(212,279)
Net Current Liabilities		(82,618)	(74,629)
Total Assets less Current Liabilities		(78,000)	(72,152)
Creditors: Amounts falling due after one year	12	(81,634)	(117,887)
Net Liabilities		(159,634)	(190,039)
Capital and Reserves			
Share capital	13	-	-
Share premium account		754	754
Capital contribution		18,654	18,654
Translation reserve		5,541	4,722
Accumulated losses		(184,583)	(214,169)
Total Capital and Reserves		(159,634)	(190,039)

The financial statements were approved by the Company's Board of Directors and authorised for issue on:

By order of the Board:

Sajaid Rashid

Sajaid Rashid
Director
Dated: 7/31/2020

AppDynamics UK Ltd

Company Statement of Financial Position – 31 January 2019

	Note	2019	2018
		$'000	$'000
Fixed Assets			
Tangible fixed assets	7	-	-
Intangible assets	9	-	45
		-	45
Current Assets			
Debtors, amounts falling due within one year	10	270	283
Cash at bank		8,519	4,350
		8,789	4,633
Creditors: Amounts falling due within one year	11	(38,111)	(43,496)
Net Current Liabilities		(29,322)	(38,863)
Creditors: Amounts falling due after one year	12	(59,328)	(59,196)
Net Liabilities		(88,650)	(98,014)
Capital and Reserves			
Share capital	13	-	-
Share premium		754	754
Capital contribution		465	465
Translation reserve		-	6,393
Accumulated losses		(89,869)	(105,626)
Total Capital and Reserves		(88,650)	(98,014)

The entity has taken exemption from presenting its unconsolidated profit and loss account under section 408 of Companies Act 2016. The entity's profit for the year amounted to $9,364,000 (2018: loss of $34,890,000).

The financial statements were approved by the Company's Board of Directors and authorised for issue on:

By order of the Board:

Sajaid Rashid
Director
Dated:

Sajaid Rashid

7/31/2020

AppDynamics UK Ltd

Revised Consolidated Statement of Changes in Equity
For the year ended 31 January 2019

	Share Capital $'000	Share Premium Account $'000	Translation Reserve $'000	Capital Contribution $'000	Accumulated Losses $'000	Total $'000
At 31 January 2017	-	754	19,040	12,770	(182,424)	(149,860)
Loss for the financial year	-	-	-	-	(31,745)	(31,745)
Share based payment	-	-	-	5,884	-	5,884
Foreign exchange difference on translation of parent	-	-	2,278	-	-	2,278
Foreign exchange on translation of foreign subsidiaries	-	-	(16,596)	-	-	(16,596)
At 31 January 2018	-	754	4,722	18,654	(214,169)	(190,039)
Profit for the financial year	-	-	-	-	23,193	23,193
Foreign exchange on translation of foreign subsidiaries	-	-	7,212	-	-	7,212
Reserve transfer	-	-	(6,393)	-	6,393	-
At 31 January 2019	-	754	5,541	18,654	(184,583)	(159,634)

AppDynamics UK Ltd

Company Statement of Changes in Equity
For the year ended 31 January 2019

	Share Capital $'000	Share Premium Account $'000	Translation Reserve $'000	Capital Contribution $'000	Accumulated Losses $'000	Total $'000
At 31 January 2017	-	754	4,115	465	(70,736)	(65,402)
Comprehensive loss	-	-	-	-	(34,890)	(34,890)
Foreign exchange difference on translation of parent	-	-	2,278	-	-	2,278
At 31 January 2018	-	754	6,393	465	(105,626)	(98,014)
Comprehensive income	-	-	-	-	9,364	9,364
Reserve transfer	-	-	(6,393)	-	6,393	-
At 31 January 2019	-	754	-	465	(89,869)	(88,650)

AppDynamics UK Ltd

Revised Consolidated Statement of Cash Flows
For the year ended 31 January 2019

	2019 $'000	2018 $'000
Cash flows from operating activities		
Operating profit/(loss)	27,691	(47,945)
Depreciation	1,347	625
Amortisation	45	790
Intercompany interest	(1,870)	(1,676)
Increase in debtors	(24,716)	(8,173)
(Decrease)/increase in creditors	(25,070)	125,109
Share based payments	-	5,884
Tax paid	(860)	(1,405)
Movement in translation reserve	7,212	(14,318)
Net cash (used in)/generated from operating activities	(16,221)	58,891
Cash flows from investing activities		
Payments to acquire tangible fixed assets	(3,515)	(2,200)
Receipt of unpaid consideration	15,414	-
Cash flow on disposal of subsidiaries	(16)	(2,543)
Net cash generated from/(used in) investing activities	11,883	(4,743)
Net (decrease)/increase in cash at bank	(4,338)	54,148
Foreign exchange movement	(18)	(168)
Cash at bank at the beginning of the year	74,356	20,376
Cash at bank at the end of the year	70,000	74,356

AppDynamics UK Ltd

Financial Statements for the year ended 31 January 2019
Revised Notes to the Financial Statements

1. General Information

AppDynamics UK Ltd (the "Company") is a United Kingdom company Ltd by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is 150 Aldersgate Street, London, EC1A 4AB.

The functional currency of the Company is United States Dollar ("US$").

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The revised financial statements have been prepared in accordance with Financial Reporting Standard 102 as issued by the Financial Reporting Council ("FRS 102") and under the Companies Act (Revision of Defective Accounts and Reports (Amendment) Regulations 2013.

The Company has used the exemption available under FRS102 from the requirement to include a cash flow statement as part of its revised financial statements. The members have been notified that the Company has taken the exemptions available under FRS 102 on the grounds that the Company's accounts are consolidated by its ultimate parent and are publicly available.

Going Concern

At 31 January 2019 the Group's total liabilities exceeded its total assets by $159,634,000 (2018: $190,039,000) and it had net current liabilities of $82,618,000 (2018: $74,629,000). At 31 January 2019 the Company's total liabilities exceeded its total assets by $88,650,000 (2018: $98,014,000) and it had net current liabilities of $29,322,000 (2018: $38,863,000). The Company is therefore reliant upon the continued financial support of its intermediate parent company AppDynamics LLC. AppDynamics LLC has agreed in writing to provide financial support in the form of provision of finance for a period of at least twelve months from the signing of these revised financial statements and will not recall the debt of the company until the resources of the company permit. Although the directors have no reason to believe that it will not do so, there is no contractual certainty regarding the continued financial support of AppDynamics LLC. These conditions indicate the existence of a material uncertainty, which may cast significant doubt on the company's ability to continue as a going concern and settle its liabilities in the ordinary course of business.

Beginning calendar year 2020, the world has been confronted with the outbreak of the Coronavirus disease 2019 (COVID-19), having a widespread impact on the global economy. The company has assessed the impact on the business and its financial position as a result of the ongoing COVID-19 pandemic. No significant change to the business is expected to arise in the foreseeable future as a consequence of this pandemic. Furthermore the company has a letter of support from its ultimate parent company, Cisco Systems Inc., stating that if and when required that support will be given to the company so it can pay its liabilities as they fall due for a period in excess of 12 months from the date of the approval of these accounts.

The directors consider the going concern basis to be appropriate as they have no reason to believe that AppDynamics LLC will not provide the required financial support. The revised financial statements have therefore been prepared on a going concern basis which assumes the recoverability of assets and the settlement of liabilities in the ordinary course of business.

(b) Consolidation

The revised financial statements include the results, assets and liabilities of the Company and its subsidiaries (the "Group") as stated in note 8. All intercompany balances and transactions are eliminated on consolidation.

2. **Summary of Significant Accounting Policies (Continued)**

(c) Turnover

The Group enters into contracts with customers that can include various combinations of products and services which are generally distinct and accounted for as separate performance obligations. As a result, the Group's contracts may contain multiple performance obligations. The Group determines whether arrangements are distinct based on whether the customer can benefit from the product or service on its own or together with other resources that are readily available and whether their commitment to transfer the product or service to the customer is separately identifiable from other obligations in the contract. The Group classifies perpetual software licenses and software as a service ("SaaS") as distinct performance obligations. Term software licenses represent multiple obligations, which include software licenses and software maintenance.

The Group recognises revenue upon transfer of control of promised goods or services in a contract with a customer in an amount that reflects the consideration they expect to receive in exchange for those products or services. Transfer of control occurs once the customer has the contractual right to use the product, generally upon shipment or once title and risk of loss has transferred to the customer.

Maintenance and support fees are recognised on a straight-line basis over the term of the service period, as the customer receives the benefit over the contract term.

Perpetual software licenses are distinct performance obligations where the term licenses are recognised upfront upon transfer of control. Term software licenses include multiple performance obligations where the term licenses are recognised upfront upon transfer of control, with the associated software maintenance revenue recognised rateably over the contract term as services and software updates are provided. SaaS arrangements do not include the right for the customer to take possession of the software during the term and, therefore, have one distinct performance obligation which is satisfied over time with revenue recognised rateably over the contract term as the customer consumes the services.

Professional services revenues are comprised of fees from consulting services related to the implementation and configuration of the Group's products and do not involve significant production, modification or customisation of software. Professional services arrangements are typically short term in nature and largely completed within 90 days from the start of service. Professional services revenues are recognised as the services are delivered or completion of performance. Training services are recognised upon delivery of the training.

Royalties

The Company receives royalty payments in respect of use of its intangible assets, as per the license agreement with its ultimate parent company.

(d) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

AppDynamics UK Ltd

Financial Statements for the year ended 31 January 2019

Revised Notes (Continued)

2. **Summary of Significant Accounting Policies (Continued)**

(d) Critical accounting judgements and key sources of estimation uncertainty (continued)

Allowances for credit losses

The Group reviews its individual significant receivables at each reporting date to assess whether an allowance should be made for recoverability. In determining this allowance, judgement by management is required in the estimation of the amount and timings of future cash flows. Such estimations are based on assumptions of a number of factors and actual results may differ, resulting in future changes to the allowance.

Asset impairment testing

The Group reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Fair value is assessed by the Directors and reflects the underlying economic value of the assets in normal market conditions.

Changes in the residual value and estimated lives of tangible and intangible fixed assets would result in adjustments to the current and future rate of depreciation and amortisation through profit or loss.

Revenue

Revenue is allocated among performance obligations in a manner that reflects the consideration that is expected to be entitled to for the promised goods or services based on standalone selling prices ("SSP"). SSP is estimated for each distinct performance obligation and judgment may be required in their determination. The best evidence of SSP is the observable price of a product or service when the goods are sold separately in similar circumstances and to similar customers. In instances where SSP is not directly observable, SSP is determined using information that may include market conditions and other observable inputs.

(e) Foreign currencies

Transactions in foreign currencies are translated into US$ at the rate ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into US$ at rates of exchange ruling at the reporting date.

Exchange gains and losses are recognised in profit or loss.

Assets and liabilities of subsidiary undertakings with functional currency other than US$ are translated at the rates of exchange ruling on the reporting date. Exchange differences arising on the translation of foreign equity investments are taken to reserves except to the extent that they are offset by corresponding differences arising on the translation of related borrowings.

2. **Summary of Significant Accounting Policies (Continued)**

(f) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis over the estimated useful lives as follows:

Computer equipment	30 months
Fixtures and fittings	5 years
Leasehold improvements	shorter of lease term or 60 months

(g) Investments held in subsidiaries

Investments held in subsidiaries are stated at cost less provision for impairment.

(h) Goodwill

Purchased goodwill arising on acquisition is capitalised in the statement of financial position and amortised over the estimated economic life of the goodwill, which has been estimated as five years. Provision is made for impairment of goodwill where the carrying value exceeds the recoverable amount.

(i) Other intangible assets

Intangible assets are recognised at cost less amortisation and impairment. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Each identifiable asset is amortised over its own estimated useful economic life as follows:

Developed technology	1.5 years
Customer relationships	5 years

(j) Operating leases

Operating lease rentals are charged to the income statement on a straight line basis.

(k) Deferred income

Deferred income consists of billings received in advance of providing the service.

(l) Tax

Current tax is provided for at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit are not provided for.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

AppDynamics UK Ltd

Financial Statements for the year ended 31 January 2019

Revised Notes (Continued)

3. Turnover

Analysis of turnover by geographical region:

	2019	2018
	$'000	$'000
Europe	161,727	86,216
Asia Pacific	33,714	17,905
Americas	2,076	6,410
	197,517	110,531

With effect from 1 August 2018, the revenue recognition accounting policy of the group was amended. Previously technical support and unspecified upgrades were bundled into subscription licenses, and term license revenue was recognised rateably over contract term. From 1 August 2018, the group has unbundled subscription licences, to recognise revenue when a customer obtains control of promised goods or services at an amount that reflects the consideration that is expected to be received in exchange for those goods or services. Therefore the subscription licences have been allocated between upfront term licences, ongoing updates, upgrades, enhancements and technical support. This has resulted in some revenue being recognised immediately and some rateably over the service period, depending on the terms of the contracts.

The change in the accounting policy has resulted in an increase in revenue of $29,568,000 for periods up to 31 July 2018 and a reduction in deferred revenue of $29,568,000 at this date. It has been impracticable to determine the allocation of this amount to previous period and therefore the comparatives have not been restated for the change in accounting policy.

There has been no changes made to the revenue recognition policy for the Company.

4. Operating Profit/(Loss)

Operating profit/(loss) is stated after charging/(crediting):

	2019	2018
	$'000	$'000
Auditors remuneration		
- audit of company	107	90
- audit of subsidiaries	103	94
- taxation	60	60
- payroll services	-	14
- other	-	6
Depreciation	1,347	625
Amortisation	45	790
Foreign exchange gain	(3,174)	(3,543)
Operating lease rental – property	1,105	2,888

5. Staff Costs

	2019	2018
	$'000	$'000
Wages and salaries	270	20,989
Social security costs	1	3,172
Charge for share based payments	-	5,884
	271	30,045

AppDynamics UK Ltd

Financial Statements for the year ended 31 January 2019

Revised Notes (Continued)

5. **Staff Costs (continued)**

The monthly average number of employees in the year is as follows:

	2019	2018
	-	325

On 30 June 2017, all employees were transferred to Cisco System Inc. group companies. The above figure for 2018 represents the average monthly number of employees up to the date of transfer.

No Directors received remuneration through the Group (2018: £nil).

6. **Taxation**

(a) Analysis of tax expense for the year:

	2019 $'000	2018 $'000
UK corporation tax	2,499	-
Foreign tax	195	808
Current tax expense (note 6b)	2,694	808
Deferred tax expense (note 6c)	-	-
	2,694	808

(b) Reconciliation of effective tax rate:

	2019 $'000	2018 $'000
Profit/(Loss) before tax	25,887	(30,937)
Tax at UK income tax rate of 19% (2018: 19.25%)	4,919	(5,955)
Timing differences between depreciation and capital allowances	(48)	(29)
Expenses not deductible for tax purposes	258	416
Share based payments	-	1,105
Tax losses carried forward	-	8,918
Tax losses utilised	(2,499)	-
Transfer of investments in subsidiaries	(26)	(3,886)
Foreign tax	195	808
Difference in tax rates with foreign subsidiaries	(105)	(569)
Current tax expense	2,694	808

(c) Deferred tax

The deferred taxation credit recognised in the accounts relates to excess capital allowances.

The tax credit carried forward at 31 January 2019 which may be offset against future tax charges is $162,602,000 (2018: $208,332,000). No deferred tax asset is recognised on the grounds of uncertainty over future recoverability.

7. **Tangible Fixed Assets**

Group

	Computer Equipment $'000	Fixtures and Fittings $'000	Leasehold Improvements $'000	Total $'000
Cost				
At 1 February 2018	966	471	2,560	3,997
Currency translation	5	7	10	22
Additions	-	-	3,515	3,515
Disposal	(48)	(295)	(213)	(556)
At 31 January 2019	923	183	5,872	6,978
Accumulated depreciation				
At 1 February 2018	550	471	544	1,565
Currency translation	(16)	7	13	4
Charge for the year	362	-	985	1,347
Disposal	(48)	(295)	(213)	(556)
At 31 January 2019	848	183	1,329	2,360
Net book value				
At 31 January 2019	75	-	4,543	4,618
At 31 January 2018	416	-	2,016	2,432

Company

	Computer Equipment $'000	Fixtures and Fittings $'000	Leasehold Improvements $'000	Total $'000
Cost at 31 January 2018 and 2019	21	284	227	532
Accumulated depreciation at 31 January 2018 and 2019	21	284	227	532
Net book value at 31 January 2018 and 2019	-	-	-	-

AppDynamics UK Ltd

Financial Statements for the year ended 31 January 2019

Revised Notes (Continued)

8. Investment in Subsidiaries

(a) Bluefin Acquisition

On 11 March 2013, the Company entered into an agreement to purchase the shares of Bluefin Software Ltd ("Bluefin") and a hive up of Bluefin's assets and liabilities.

Bluefin was dissolved on 22nd July 2014. All outstanding liabilities were settled before this date.

The fair value of the intangible fixed assets acquired as part of the hive up was as follows:

	$
Developed technology	86,000
Customer relationships	161,000
Goodwill	2,055,000
Total	2,302,000

(b) AppDynamics International Ltd (UK)

On 14 July 2014, the Company acquired the entire share capital of AppDynamics International Ltd, a company incorporated in England and Wales, for a consideration of $1,024,000. The investment in the subsidiary has been fully impaired.

AppDynamics International Ltd owned the entire share capital of the following companies at 31 January 2019:

Subsidiary name	**Country of Incorporation**
AppDynamics Asia Pacific Pte. Ltd	Singapore
AppDynamics S.A (formerly BugBuster S.A.)	Switzerland
AppDynamics Netherlands B.V.	Netherlands
AppDynamics Technologies India Private Ltd	India
AppDynamics Aktiebolag	Sweden
AppDynamics Sdn. Bhd.	Malaysia
AppDynamics S.L.U	Spain
AppDynamics S.R.L	Italy
AppDynamics Proprietary Ltd (formerly Business Venture Investments No. 1958 Proprietary Ltd)	South Africa

All of the above companies are involved in the sale and marketing of AppDynamics LLC's products and services and traded in the year.

8. **Investment in Subsidiaries (Continued)**

The following transactions occurred in the year ended 31 January 2018:

- On 28 November 2017, AppDynamics SARL was sold to Cisco Systems France SARL by AppDynamics International Ltd for $18,700,000. At 31 January 2019, $3,286,000 of the consideration remains unpaid (2018; $18,700,000).

- On 10 November 2017, AppDynamics GmbH was sold to Cisco Systems GmbH by AppDynamics International Ltd for €2,000,000. The consideration remains unpaid

- On 10 January 2018, AppDynamics ApS was sold to Cisco Systems Denmark ApS by AppDynamics International Ltd for DKK366,000. The consideration remains unpaid.

The following transactions occurred in the year ended 31 January 2019:

- On 27 April 2018, AppDynamics Japan GK was sold to Cisco Systems G.K. for ¥23,000,000. The consideration remains unpaid.

- On 6 June 2018 AppDynamics Australia Pty. Ltd was liquidated.

- On 31 May 2018, a board resolution was passed to dissolve AppDynamics Netherlands B.V. The liquidation process is ongoing.

- On 17 September 2018, AppDynamics Technologies FZ-LLC was liquidated.

AppDynamics UK Ltd

Financial Statements for the year ended 31 January 2019

Revised Notes (Continued)

9. Intangible Assets

Group	Developed Technology	Customer Relationships	Goodwill	Total
	$'000	$'000	$'000	$'000
Cost				
At 31 January 2018 and 2019	202	192	2,776	3,170
Amortisation				
At 1 February 2018	202	187	2,736	3,125
Charge in the year	-	5	40	45
At 31 January 2019	202	192	2,776	3,170
Net book value				
At 31 January 2019	-	-	-	-
At 31 January 2018	-	5	40	45

Company	Developed Technology	Customer Relationships	Goodwill	Total
	$'000	$'000	$'000	$'000
Cost				
At 31 January 2018 and 2019	86	161	2,055	2,302
Amortisation				
At 1 February 2018	86	160	2,011	2,257
Charge in the year	-	1	44	45
At 31 January 2019	86	161	2,055	2,302
Net book value				
At 31 January 2019	-	-	-	-
At 31 January 2018	-	1	44	45

AppDynamics UK Ltd

Financial Statements for the year ended 31 January 2019

Revised Notes (Continued)

10. Debtors

Group	2019 $'000	2018 $'000
Trade debtors	26,329	35,471
Amounts due from ultimate parent company	-	32
Amounts due from intermediate parent	5,823	1,445
Amounts due from fellow group companies	10,775	23,818
Prepayments	54	64
Corporation tax	232	-
Deferred tax	93	76
Other debtors	2,572	2,388
Accrued income	26,867	-
Other taxation and social security	161	-
	72,906	63,294

Amounts owed by group companies are unsecured, interest free and repayable on demand.

All amounts are shown under debtors falling due within one year, except accrued income of $14,680,000 (2018: £nil).

Company	2019 $'000	2018 $'000
Deferred tax	93	76
Other debtors	177	207
	270	283

11. Creditors: Amounts falling due within one year

Group	2019 $'000	2018 $'000
Trade creditors	1,226	58
Accruals and deferred income	83,033	94,558
Other creditors	880	84
Amounts owed to intermediate parent	25,118	48,161
Amounts owed to group companies	113,116	68,111
Corporation tax	2,151	68
Other taxation and social security	-	1,239
	225,524	212,279

11. Creditors: Amounts falling due within one year (continued)

Company	2019 $'000	2018 $'000
Trade creditors	3	-
Amounts owed to fellow group companies	8,567	25,325
Amounts owed to intermediate parent company	24,049	18,137
Amounts owed to subsidiaries	4,494	34
Corporation tax	998	-
	38,111	43,496

All amounts due to group companies are interest free, unsecured and repayable on demand.

12. Creditors: Amounts falling due after one year

Group	2019 $'000	2018 $'000
Accruals and deferred income	18,975	55,395
Amount owed to intermediate parent company	62,659	62,492
	81,634	117,887

Company	2019 $'000	2018 $'000
Amount owed to intermediate parent company	59,328	59,196

Five loan agreements were entered between the Company and AppDynamics LLC in the year ended 31 January 2018. The due date for all is ten years after the date the agreements were entered into. The loan agreement stipulates an interest rate in line with the Applicable Federal Rate on the date of the agreement, and the unpaid interest will compound annually. The loans are unsecured. The range for the long term Applicable Federal Rate for the year was 2.66% - 3.31% (2018: 2.50% - 2.82%).

13. Share Capital

	2019	2018
	$	$
At 31 January	0.05	0.05

Allotted, called up and three fully paid shares of £0.01 each. Shares have attached full voting, dividend and capital contribution rights.

14. Result of Parent Company

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The consolidated statement of comprehensive income includes a profit of $9,364,000 (2018: loss $34,890,000) attributable to the parent company.

15. Related Party Transactions

The Company has taken advantage of FRS102 33.7 "Related Party Disclosures" from disclosing transactions with related parties that are wholly owned subsidiaries of Cisco Systems Inc. group.

16. Financial Risk Management

The Group has exposure to the following risks arising from its operating activities and its use of financial instruments:

- Interest rate risk;
- Liquidity risk;
- Credit risk; and
- Currency risk.

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management strategy and policies.

Interest Rate Risk
The Group is exposed to interest rate risk as there are material liabilities that have floating interest rates.

Liquidity Risk
In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group has no finance from external banking institutions. Total borrowings from Group as at 31 January 2019 is $200,893,000 (2018: $109,764,000).

AppDynamics UK Ltd

Financial Statements for the year ended 31 January 2019

Revised Notes (Continued)

16. **Financial Risk Management (continued)**

Credit Risk
Potential material areas of credit risk consist of trade debtors and cash balances.

Trade debtors consist mainly of a widespread customer base, such that the Group has no significant concentration of credit risk. The Group monitors the financial position of their customers on an ongoing basis. Where considered appropriate, an allowance is made for specific bad debts.

The credit risk on cash balances is limited because the counterparties are banks with high credit ratings.

Currency Risk
The Group monitors its exposure to currency risk on a regular basis. The Group does not have a policy on hedging, but currencies may be hedged at the discretion of the Directors. The Group is party to transactions and balances in a variety of currencies given the nature of its worldwide trading. This includes significant balances in US Dollars, Euros, Australian Dollars and Japanese Yen.

17. **Share Based Payments**

As at 31 January 2017 AppDynamics LLC operated and administered an equity incentive plan. The 2008 Stock Incentive Plan was authorised to grant up to 61,156,716 share options.

On 17 March 2017, AppDynamics LLC was acquired by Cisco Systems Inc. At this date, all vested shares were exercised, with the unvested share options converted into replacement Cisco Systems Inc. share options under the same terms.

On 30 June 2017 all employees in the Group were transferred to other Cisco group companies.

The charge for the year attributable to Group amounted to $nil (2018: $5,584,000).

18. **Operating Lease Commitments**

Future minimum property rentals under non-cancellable operating leases are as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Within one year	-	1,804	-	163
Within two to five years	-	3,967	-	-
	-	5,771	-	163

AppDynamics UK Ltd

Financial Statements for the year ended 31 January 2019

Revised Notes (Continued)

19. Ultimate parent undertaking and controlling party

As at 31 January 2019, the parent company is, Cisco Worldwide Holdings Limited, a company formed under the laws of Bermuda.

At 31 January 2019, the ultimate parent company is Cisco Systems Inc., incorporated in the United States of America. In the opinion of the directors there is no ultimate controlling party. This is the largest group into which the financial statements of the Company are consolidated.

20. Business divestments

On 28 November 2017, AppDynamics SARL was sold to Cisco Systems France SARL by AppDynamics International Ltd for $18,700,000. At 31 January 2019, $3,286,000 of the consideration remains unpaid (2018; $18,700,000).

On 10 November 2017, AppDynamics GmbH was sold to Cisco Systems GmbH by AppDynamics International Ltd for €2,000,000. The consideration remains unpaid.

On 10 January 2018, AppDynamics ApS was sold to Cisco Systems Denmark ApS by AppDynamics International Ltd for DKK366,000. The consideration remains unpaid.

On 27 April 2018, AppDynamics Japan GK was sold to Cisco Systems G.K. for ¥23,000,000. Recognising a gain on disposal of $66,000. The consideration remains unpaid.

	2019 $'000	2018 $'000
Current assets	158	5,362
Current liabilities	(21)	(3,007)
Net assets disposed of	137	2,355
Consideration	203	21,039
Net assets disposed of	(137)	(2,355)
Gain on disposal	66	18,684
Consideration received	-	-
Less cash and cash equivalents disposed of	(16)	(2,543)
Cash flow on disposal	(16)	(2,543)

21. Subsequent Events

On 8 February 2019, AppDynamics S.R.L. was liquidated.

On 24 June 2019 AppDynamics Aktiebloag was liquidated.

21. **Subsequent Events (continued)**

On 19 July 2019 AppDynamics Netherlands B.V. was liquidated.

On 16 August 2019 AppDynamics S.L.U. was liquidated.

On 27 August 2019 AppDynamics Sdn. Bhd was liquidated.

22. **Revised Financial Statements**

The directors have taken the decision to prepare and file revised financial statements for the year ended 31 January 2019. Due to a clerical error, the original financial statements were filed with Companies House prior to the Independent Auditor's Report approval. The financial statements therefore did not comply with Companies Act 2006, which requires the auditor's report to be signed and dated.

A summary of revisions and impact on the original financial statements is detailed below:

Impact on Consolidated Statement of Comprehensive Income

Turnover has been increased by $2,529,000 to $197,517,000 (the original value being recorded at $194,988,000) and operating expenses has been increased by $64,000 to $169,826,000 (the original value being recorded at $169,762,000).

The total impact of the revisions, being $2,465,000, has been recorded in operating profit (the original value being recorded at $25,226,000 and now recorded at $27,691,000).

Gain on disposal of investment has been decreased by $68,000 to $66,000 (the original value being recorded at $134,000).

The total impact of the revisions, being $2,397,000, has been recorded in profit on ordinary activities before taxation (the original value being recorded at $23,490,000 and now recorded at $25,887,000) and the profit for the financial year (the original value being recorded at $20,796,000 and now recorded at $23,193,000) within the statement of comprehensive income.

Exchange differences on translation of foreign operations has been increased by $1,222,000 to $7,212,000 (the original value being recorded at $5,990,000).

The total impact of the revisions, being $2,397,000 to profit for the financial year and $1,222,000 to other comprehensive income, has been recorded in total comprehensive gain for the financial year (the original value being recorded at $26,786,000 and now recorded at $30,405,000) within the consolidated statement of comprehensive income.

Impact on Consolidated Statement of Financial Position

As a result of the revision to the consolidated statement of comprehensive income, there have been changes in the recorded value of debtors, amounts falling due within one year (the original value being recorded at $51,438,000 and now recorded at $58,226,000), cash at bank (the original value being recorded at $70,017,000 and now recorded at $70,000,000), creditors, amounts falling due within one year (the original value being $224,704,000 and now recorded at $225,524,000), the creditors, amounts falling due after one year (the original value being recorded at $78,303,000 and now recorded at $81,634,000), the recorded value of net current liabilities (the original value being recorded at $89,569,000 and now recorded at $82,618,000), the recorded value of total assets less current liabilities (the original value being recorded at $84,951,000 and now recorded at $78,000,000) and net liabilities (the original value being recorded at $163,253,000 and now recorded at $159,634,000) within the statement of financial position.

AppDynamics UK Ltd

Revised Directors' Report (Continued)

22. Revised Financial Statements (continued)

Impact on Consolidated Statement of Financial Position (continued)

As a result of the revisions, there have been changes (at value $8,790,000) in the recorded value of accumulated losses (the original value being recorded at $193,373,000 and now recorded at $184,583,000), changes (at value of $5,171,000) in the recorded value of the translation reserve (the original value being recorded at $10,712,000 and now recorded at $5,541,000) and the recorded value of total capital and reserves (the original value being recorded at $163,253,000 and now recorded at $159,634,000). This impact has also been reflected in the consolidated statement of changes in equity.

Impact on Consolidated Statement of Cash Flows

As a result of the revisions, there have been changes in the operating profit (the original value being recorded at $25,226,000 and now recorded at $27,691,000), increase in debtors (the original value being recorded at $1,415,000 and now recorded at $24,716,000), decrease in creditors (the original value being recorded at $29,252,000 and now recorded at $25,070,000), tax paid (the original value being recorded at $861,000 and now recorded at $860,000) and movement in translation reserve (the original value being recorded at $5,990,000 and now recorded at $7,212,000). The total impact of the revisions, being a decrease of $15,431,000, has been reflected in recorded value of the net cash used in operating activities.

As a result of the revisions, there have been changes in the receipt of unpaid consideration (the original value being $nil and now recorded at $15,414,000) and the recorded value of the net cash generated from investing activities (the original value being net cash used of $3,531,000 and now recorded at $11,883,000 generated).

The total impact of the revisions, being $17,000 net decrease to cash at bank, has been recorded in cash at bank at the end of the year (the original value being recorded at $70,017,000 and now recorded at $70,000,000) with the consolidated statement of cash flows.

Impact on Notes to the Financial Statements

As a result of the revision, there have been changes (at a total value of $2,529,000) in the analysis of turnover by geographical region per note 3. This has impacted the recorded value of turnover for the Europe region (the original value being $159,656,000 and now recorded at $161,727,000), the Asia Pacific region (the original value being $33,282,000 and now recorded at $33,714,000) and the Americas region (the original value being $2,050,000 and now recorded at $2,076,000).

As a result of the revision, there have been changes (at value of $2,397,000) in the reconciliation of the effective tax rate per note 6 (b). This has impact the recorded value of the profit before tax (the original value being $23,490,000 and now recorded at $25,887,000), the recorded value of tax at the UK corporation tax rate of 19% (the original value being $4,463,000 and now recorded at $4,919,000), the recorded value of expenses not deductible for tax purposes (the original value being $171,000 and now recorded at $258,000) and the recorded value of the difference in tax rates with foreign subsidiaries (the original value being $438,000 and now recorded at $105,000).

As a result of the revision, notes 8 and 20 now record that the consideration of $3,286,000 for the disposal of AppDynamics SARL remains unpaid.

As a result of the revision, there have been changes (at a total value of $6,788,000) in the analysis of group debtors per note 10. This has impacted the recorded value of amounts due from ultimate parent company (the original value being $4,150,000 and now recorded at $nil), amounts due from intermediate parent (the original value being $nil and now recorded at $5,823,000), amounts due from fellow group companies (the original amount being $5,823,000 and now recorded at $10,775,000), amounts due to corporate tax (the original value being $325,000 and now recorded at $232,000), deferred tax (the original value being $nil and now recorded at $93,000) and other taxation and social security (the original value being $nil and now recorded at $161,000).

AppDynamics UK Ltd

Revised Directors' Report (Continued)

22. Revised Financial Statements (continued)

Impact on Notes to the Financial Statements (continued)

As a result of the revision, there have been changes (at a total value of $180,000) in the analysis of group creditors due within one year per note 11. This has impacted the recorded value of accruals and deferred income (the original value being $83,032,000 and now recorded at $83,033,000), amounts owed to ultimate parent company (the original value being $104,549,000 and now recorded at $nil), the amounts owed to fellow group companies (the original value being $8,567,000 and now recorded at $113,116,000) and other taxation and social security (the original value being $181,000 and now recorded at $nil).

As a result of the revision note 21 now records a description of the liquidation of AppDynamics Netherlands B.V., AppDynamics S.L.U. and AppDynamics Sdn. Bhd.

As a result of the revision, there have been changes (at a total value of $3,331,000) in the analysis of group creditors due after one year per note 12. This has impacted the recorded value of amount owed to intermediate parent company (the original value being $59,328,000 and now recorded at $62,659,000).

As a result of the revision, there have been changes (at a total value of $68,000) in the analysis of the gain on disposal per note 20. This has impacted the value of the current assets disposed of (the original value being $1,080,000 and now recorded at $158,000), the current liabilities disposed of (the original value being $1,011,000 and now recorded at $21,000) and the recorded value of net assets disposed of (the original value being $69,000 and now recorded at $137,000).