

# **GAN Integrity Solution ApS**

Kronprinsessegade 54, 2., 1306 Copenhagen K  
CVR no. 28 27 97 79

## **Annual report for 2018**

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 18.06.19

Martin Alan Meyer  
Dirigent

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**The company**

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GAN Integrity Solution ApS  
Kronprinsessegade 54, 2.  
1306 Copenhagen K  
Registered office: Copenhagen  
CVR no.: 28 27 97 79  
Financial year: 01.01 - 31.12

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**Executive Board**

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CEO Neil Lustig  
Martin Alan Meyer

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**Board Of Directors**

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Thomas John Hart Sehested  
Martin Alan Meyer

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

## **Statement of the Board of Directors and Executive Board on the annual report**

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We have on this day presented the annual report for the financial year 01.01.18 - 31.12.18 for GAN Integrity Solution ApS.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.18 and of the results of the company's activities for the financial year 01.01.18 - 31.12.18.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen K, June 18, 2019

### **Executive Board**

Neil Lustig  
CEO

Martin Alan Meyer

### **Board Of Directors**

Thomas John Hart Sehested  
Chairman

Martin Alan Meyer

**To the capital owner of GAN Integrity Solution ApS****AUDITORS'S REPORT ON THE FINANCIAL STATEMENTS****Opinion**

We have audited the financial statements of GAN Integrity Solution ApS for the financial year 01.01.18 - 31.12.18, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven)

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.18 and of the results of the company's operations for the financial year 01.01.18 - 31.12.18 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

**Basis for opinion**

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

**Statement regarding the management's review**

Management is responsible for management's review.

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

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

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

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

**Management's responsibility for the financial statements**

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

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

**Auditor's responsibilities for the extended review 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 International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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.

## **VIOLATION OF THE DANISH BOOKKEEPING ACT**

The company has kept its books in USD and converted to DKK for reporting purposes up to the end of 2018. For the reporting periods of calendar year 2019 and beyond the company has recorded all bookkeeping transactions of its Danish entities in DKK in order to comply with the Danish Bookkeeping Act

Soeborg, Copenhagen, June 18, 2019

### **Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Kim Larsen

State Authorized Public Accountant  
MNE-no. mne32179

**Primary activities**

The company's main activities is to offer a Software as a Service (SaaS) platform that manages enterprise compliance and risk programs.

**Development in activities and financial affairs**

The income statement for the period 01.01.18 - 31.12.18 shows a profit/loss of DKK -29,337,961 against DKK -14,486,699 for the period 01.01.17 - 31.12.17. The balance sheet shows equity of DKK -62,363,561.

*Information on going concern*

Management is monitoring the company's cash position and cash resources on an on-going basis. Gan Integrity Holdings, Inc. has guaranteed financing of the necessary cash flow for 2019.



## Income statement

Note		
	2018 DKK	2017 DKK
	<b>1,760,219</b>	<b>-703,685</b>
<b>Gross result</b>		
<sup>2</sup> Staff costs	-27,544,211	-15,810,283
	<b>-25,783,992</b>	<b>-16,513,968</b>
<b>Profit/loss before depreciation, amortisation, write-downs and impairment losses</b>		
Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-4,070,700	-1,960,281
	<b>-29,854,692</b>	<b>-18,474,249</b>
<b>Profit/loss before net financials</b>		
Financial income	-2,471,855	2,401,291
<sup>3</sup> Financial expenses	131,960	-434,498
	<b>-32,194,587</b>	<b>-16,507,456</b>
<b>Profit/loss before tax</b>		
Tax on profit or loss for the year	2,856,626	2,020,757
	<b>-29,337,961</b>	<b>-14,486,699</b>
<b>Profit/loss for the year</b>		
<b>Proposed appropriation account</b>		
Retained earnings	-29,337,961	-14,486,699
	<b>-29,337,961</b>	<b>-14,486,699</b>
<b>Total</b>		

## Balance sheet

<b>ASSETS</b>			
Note		31.12.18	31.12.17
		DKK	DKK
	Completed development projects	3,427,596	4,803,453
4	<b>Total intangible assets</b>	<b>3,427,596</b>	<b>4,803,453</b>
	Leasehold improvements	31,345	39,970
	Other fixtures and fittings, tools and equipment	704,838	598,777
5	<b>Total property, plant and equipment</b>	<b>736,183</b>	<b>638,747</b>
	Deposits	426,426	426,426
	<b>Total investments</b>	<b>426,426</b>	<b>426,426</b>
	<b>Total non-current assets</b>	<b>4,590,205</b>	<b>5,868,626</b>
	Trade receivables	3,492,373	1,422,470
	Receivables from group enterprises	1,944,828	0
	Income tax receivable	2,856,626	3,886,863
	Other receivables	287,575	301,497
	Prepayments	959,523	1,114,904
	<b>Total receivables</b>	<b>9,540,925</b>	<b>6,725,734</b>
	<b>Cash</b>	<b>340,202</b>	<b>546,954</b>
	<b>Total current assets</b>	<b>9,881,127</b>	<b>7,272,688</b>
	<b>Total assets</b>	<b>14,471,332</b>	<b>13,141,314</b>

## EQUITY AND LIABILITIES

Note		31.12.18 DKK	31.12.17 DKK
	Share capital	805,287	805,287
	Reserve for development costs	877,317	877,317
	Retained earnings	-64,046,165	-34,708,204
	<b>Total equity</b>	<b>-62,363,561</b>	<b>-33,025,600</b>
6	Payables to group enterprises	63,010,316	38,649,465
	<b>Total long-term payables</b>	<b>63,010,316</b>	<b>38,649,465</b>
	Payables to other credit institutions	0	676
	Trade payables	331,233	1,586,346
	Other payables	6,470,769	2,716,744
	Deferred income	7,022,575	3,213,683
	<b>Total short-term payables</b>	<b>13,824,577</b>	<b>7,517,449</b>
	<b>Total payables</b>	<b>76,834,893</b>	<b>46,166,914</b>
	<b>Total equity and liabilities</b>	<b>14,471,332</b>	<b>13,141,314</b>

7 Contingent liabilities

## Statement of changes in equity

Figures in DKK	Share capital	Reserve for development costs	Retained earnings
Statement of changes in equity for 01.01.18 - 31.12.18			
Balance pr. 01.01.18	805,287	877,317	-34,708,204
Net profit/loss for the year	0	0	-29,337,961
Balance as at 31.12.18	805,287	877,317	-64,046,165

## 1. Information as regards going concern

Management is monitoring the company's cash position and cash resources on an on-going basis. Gan Integrity Holdings, Inc. has guaranteed financing of the necessary cash flow for 2019.

	2018 DKK	2017 DKK
<b>2. Staff costs</b>		
Wages and salaries	27,128,687	15,446,968
Pensions	0	10,000
Other social security costs	89,747	61,346
Other staff costs	325,777	291,969
Total	27,544,211	15,810,283
Average number of employees during the year	39	27

## 3. Financial expenses

Interest, group enterprises	0	324,473
Other interest expenses	-320,984	75,842
Foreign currency translation adjustments	130,669	277
Other financial expenses	58,355	33,906
Other financial expenses total	-131,960	110,025
Total	-131,960	434,498

**4. Intangible assets**

Figures in DKK	Completed development projects
Cost pr. 01.01.18	9,667,149
Additions during the year	3,016,587
Disposals during the year	-8,069,069
Cost as at 31.12.18	4,614,667
Amortisation and impairment losses pr. 01.01.18	-4,963,661
Impairment losses during the year	-3,257,244
Amortisation during the year	-1,035,235
Amortisation of and impairment losses on disposed assets for the year	8,069,069
Amortisation and impairment losses as at 31.12.18	-1,187,071
Carrying amount as at 31.12.18	3,427,596

The capitalization of developments projects is based on costs related directly to the development.

**5. Property, plant and equipment**

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost pr. 01.01.18	50,060	774,617
Additions during the year	12,869	410,448
Cost as at 31.12.18	62,929	1,185,065
Depreciation and impairment losses pr. 01.01.18	-10,090	-175,840
Depreciation during the year	-21,494	-304,387
Depreciation and impairment losses as at 31.12.18	-31,584	-480,227
Carrying amount as at 31.12.18	31,345	704,838

## 6. Longterm payables

Figures in DKK	Outstanding debt after 5 years	Total payables at 31.12.18	Total payables at 31.12.17
Payables to group enterprises	0	63,010,316	38,649,465
Total	0	63,010,316	38,649,465

## 7. Contingent liabilities

### *Lease commitments*

The company has concluded lease agreements with terms to maturity of 6 months and a total of DKK 369k.

### *Other contingent liabilities*

The company is taxed jointly with GAN Integrity Solutions Holding ApS, in which GAN Integrity Solutions Holding ApS serves as the administration company (It has been jointly taxed with D68 Holding ApS). The companies in the group and have joint, several and unlimited liability for income taxes from the financial year 2013 and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies from 1 July 2012. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration of the company's financial statements.

## 8. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.



**8. Accounting policies - continued -****LEASES**

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

**INCOME STATEMENT****Gross result**

Gross result comprises revenue and other external expenses.

**Revenue**

Income from the sale of services is recognised as delivery takes place. Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

## 8. Accounting policies - continued -

### Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Completed development projects	3	
Leasehold improvements	3	
Other plant, fixtures and fittings, tools and equipment	3	

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

### Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

### Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

**8. Accounting policies** - continued -**BALANCE SHEET****Intangible assets***Completed development projects*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

**Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

## 8. Accounting policies - continued -

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

### Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

**8. Accounting policies - continued -****Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

**Cash**

Cash includes deposits in bank accounts as well as operating cash.

**Equity**

The net revaluation of equity investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer associated with the operations of the enterprise, and the remaining amount will be transferred to retained earnings. In accordance with act no. 738 amending the Danish Financial Statements Act of 1 June 2015, development costs will initially be recognised in the reserve, with initial recognition in the balance sheet from 1 January 2016.

**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

## 8. Accounting policies - continued -

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

### Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

### Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.