

## **Insurance Business Applications ApS**

Rued Langgaards Vej 8  
2300 Copenhagen S  
Central Business Registration No  
33361319

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 14.05.2018

### **Chairman of the annual General Meeting**

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Name: Peter Bruun Nikolajsen

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## Entity details

### Entity

Insurance Business Applications ApS  
Rued Langgaards Vej 8  
2300 Copenhagen S

Central Business Registration No: 33361319  
Registered in: Copenhagen  
Financial year: 01.01.2017 - 31.12.2017

### Board of Directors

Thomas Weilby Knudsen, Chairman  
Anders Engdal  
Dennis Landbo Nielsen  
Erik Balck Sørensen

### Executive Board

Morten Borum

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 Copenhagen C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Insurance Business Applications ApS for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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

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

Copenhagen, 14.05.2018

### Executive Board

Morten Borum

### Board of Directors

Thomas Weilby Knudsen  
Chairman

Anders Engdal

Dennis Landbo Nielsen

Erik Balck Sørensen

# Independent auditor's report

## To the shareholders of Insurance Business Applications ApS

### Opinion

We have audited the financial statements of Insurance Business Applications ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

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

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

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

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

## Independent auditor's report

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

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

### Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

## Independent auditor's report

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

Copenhagen, 14.05.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Keld Juel Danielsen

State Authorised Public Accountant

Identification number (MNE) mne26741

## Management commentary

### Primary activities

IBA develops and markets a modern insurance platform, IBSuite, for international insurance customers. IBSuite is offered to customers as a cloud-based Software as a Service (SAAS) solution, based on a subscription license.

IBSuite facilitates our customers to act fully in the insurance industry and comply with local rules and regulations. The features and services make it possible for our customers to very fast create, launch and adjust insurance products and services in any given market.

IBA have in 2017 established IB Applications, Inc. in USA and will together with IB Applications Ltd., in UK perform sales and support services for local customers.

### Development in activities and finances

IBA continued a strong momentum and made significant progress in 2017 with growth in sales, revenue and number of customers and partners.

The progress is expected to continue with same speed in 2018 and the management expects significant growth in revenues for the whole of 2018.

To support the strong growth, IBA is investing heavily in the IBSuite insurance platform to expand functionalities and ROI of our customers.

This year's annual report shows a loss of DKK 35.775, which is in line with IBA's long term goals.

Some employees have received warrants in the company. The value of the share options is not recognized in annual report.

### Events after the balance sheet date

No events have occurred after financial year-end, which make changes in the shown figures and relationships in the income statement and the balance sheet.

### Outlook

The existing shareholders have continued to support the company financially and in the beginning of 2018 the shareholders have together with a new investor subscribed to new shares for DKK 19.7M and additionally DKK 10M is agreed subscribed in 2018. In total DKK 29,7M will be invested to secure the group's international growth plans.

IBA expects continued growth, increase of geographical footprint and continued investment in both R&D, Product Management and penetrating new markets in 2018.

In 2018 IBA have established Insurance Business Applications SRL in Bucharest in Romania.



## Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
<b>Gross profit</b>		<b>5.031.218</b>	<b>6.959</b>
Staff costs	1	(35.909.329)	(23.943)
Depreciation, amortisation and impairment losses		<u>(5.121.193)</u>	<u>(4.651)</u>
<b>Operating profit/loss</b>		<b>(35.999.304)</b>	<b>(21.635)</b>
Income from investments in group enterprises		208.084	0
Other financial income		95.740	80
Other financial expenses		<u>(2.368.780)</u>	<u>(1.241)</u>
<b>Profit/loss before tax</b>		<b>(38.064.260)</b>	<b>(22.796)</b>
Tax on profit/loss for the year	2	<u>2.289.523</u>	<u>4.375</u>
<b>Profit/loss for the year</b>		<b><u>(35.774.737)</u></b>	<b><u>(18.421)</u></b>
<b>Proposed distribution of profit/loss</b>			
Transferred to reserve for net revaluation according to the equity method		208.084	0
Retained earnings		<u>(35.982.821)</u>	<u>(18.421)</u>
		<b><u>(35.774.737)</u></b>	<b><u>(18.421)</u></b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Completed development projects		10.209.389	12.579
<b>Intangible assets</b>	3	<b>10.209.389</b>	<b>12.579</b>
Other fixtures and fittings, tools and equipment		143.153	106
<b>Property, plant and equipment</b>	4	<b>143.153</b>	<b>106</b>
Investments in group enterprises		223.180	0
Deposits		229.358	283
<b>Fixed asset investments</b>	5	<b>452.538</b>	<b>283</b>
<b>Fixed assets</b>		<b>10.805.080</b>	<b>12.968</b>
Trade receivables		4.754.855	5.637
Receivables from group enterprises		222.099	0
Deferred tax		1.559.797	2.000
Other receivables		67.165	544
Income tax receivable		0	2
Prepayments		1.179.892	824
<b>Receivables</b>		<b>7.783.808</b>	<b>9.007</b>
<b>Cash</b>		<b>6.297.534</b>	<b>1.954</b>
<b>Current assets</b>		<b>14.081.342</b>	<b>10.961</b>
<b>Assets</b>		<b>24.886.422</b>	<b>23.929</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Contributed capital		133.442	112
Reserve for net revaluation according to the equity method		208.084	0
Reserve for development expenditure		5.775.077	3.448
Retained earnings		<u>(31.316.070)</u>	<u>(11.267)</u>
<b>Equity</b>		<b><u>(25.199.467)</u></b>	<b><u>(7.707)</u></b>
Other provisions		<u>9.000.000</u>	<u>7.019</u>
<b>Provisions</b>		<b><u>9.000.000</u></b>	<b><u>7.019</u></b>
Debt to other credit institutions		<u>29.469.047</u>	<u>13.722</u>
<b>Non-current liabilities other than provisions</b>	6	<b><u>29.469.047</u></b>	<b><u>13.722</u></b>
Bank loans		114.111	210
Prepayments received from customers		2.579.320	4.479
Trade payables		4.107.529	3.735
Payables to group enterprises		99.749	0
Other payables		<u>4.716.133</u>	<u>2.471</u>
<b>Current liabilities other than provisions</b>		<b><u>11.616.842</u></b>	<b><u>10.895</u></b>
<b>Liabilities other than provisions</b>		<b><u>41.085.889</u></b>	<b><u>24.617</u></b>
<b>Equity and liabilities</b>		<b><u>24.886.422</u></b>	<b><u>23.929</u></b>
Contingent liabilities	7		

## Statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	112.088	0	3.447.522	(11.266.875)
Increase of capital	21.354	0	0	18.261.181
Profit/loss for the year	0	208.084	2.327.555	(38.310.376)
<b>Equity end of year</b>	<b>133.442</b>	<b>208.084</b>	<b>5.775.077</b>	<b>(31.316.070)</b>
				<b>Total DKK</b>
Equity beginning of year				(7.707.265)
Increase of capital				18.282.535
Profit/loss for the year				(35.774.737)
<b>Equity end of year</b>				<b>(25.199.467)</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	31.358.851	20.298
Pension costs	3.196.022	2.327
Other social security costs	708.875	817
Other staff costs	645.581	501
	<b>35.909.329</b>	<b>23.943</b>
 Average number of employees	 <b>45</b>	 <b>30</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>2. Tax on profit/loss for the year</b>		
Change in deferred tax for the year	(1.559.797)	(4.375)
Adjustment concerning previous years	(729.726)	0
	<b>(2.289.523)</b>	<b>(4.375)</b>
		<b>Completed develop- ment projects DKK</b>
<b>3. Intangible assets</b>		
Cost beginning of year		23.702.227
Additions		2.658.424
<b>Cost end of year</b>		<b>26.360.651</b>
Amortisation and impairment losses beginning of year		(11.122.525)
Amortisation for the year		(5.028.737)
<b>Amortisation and impairment losses end of year</b>		<b>(16.151.262)</b>
<b>Carrying amount end of year</b>		<b>10.209.389</b>

## Notes

	<b>Other fixtures and fittings, tools and equipment DKK</b>
<b>4. Property, plant and equipment</b>	
Cost beginning of year	654.772
Additions	129.966
<b>Cost end of year</b>	<b>784.738</b>
Depreciation and impairment losses beginning of the year	(549.129)
Depreciation for the year	(92.456)
<b>Depreciation and impairment losses end of the year</b>	<b>(641.585)</b>
<b>Carrying amount end of year</b>	<b>143.153</b>

	<b>Investments in group enterprises DKK</b>	<b>Deposits DKK</b>
<b>5. Fixed asset investments</b>		
Cost beginning of year	0	283.189
Additions	15.096	5.084
Disposals	0	(58.915)
<b>Cost end of year</b>	<b>15.096</b>	<b>229.358</b>
Share of profit/loss for the year	208.084	0
<b>Revaluations end of year</b>	<b>208.084</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>223.180</b>	<b>229.358</b>

	<b>Registered in</b>	<b>Equity inte- rest %</b>
Investments in group enterprises comprise:		
IBApplications Limited	England	100,0
IB Applications Inc.	USA	100,0

## Notes

	<b>Outstanding after 5 years DKK</b>
<b>6. Liabilities other than provisions</b>	
Debt to other credit institutions	<u>9.681.924</u>
	<b><u>9.681.924</u></b>

Debt to other credit institutions, are a loan from Vaekstfonden (Danish venture capital fund).

### 7. Contingent liabilities

The company has normal rental commitments from rent of office spaces, amounting to 2.197 t.DKK as of 31.12.2017.

## Accounting policies

### Reporting class

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

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

#### Revenue

Revenue consist of consultancy services, licence and other services and are recognised in the income statement when delivery is made to the buyer or as the work progresses. For revenue from subscriptions where the company is obliged to delivery service, the revenue is deferred on the subscription period. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Cost of sales

Cost of sales comprises assistance from external consultants.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.



## Accounting policies

### Depreciation, amortisation and impairment losses

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

### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

### Other financial income

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

### Other financial expenses

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

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and related staff cost that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot

## Accounting policies

be estimated reliably, it is fixed at 5 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### Receivables

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

## Accounting policies

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Income tax payable or receivable

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

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

### Other financial liabilities

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

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.