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Insurance Business Applications ApS

Rued Langgaards Vej 8
2300 Copenhagen
Business Registration No
33361319

Annual report 2018

The Annual Generel Meeting adopted the annual report on 29.03.2019

Chairman of the annual General Meeting

Name: Peter Bruun Nikolajsen

Contents

Entity details

Entity
Insurance Business Applications ApS
Rued Langgaards Vej 8
2300 Copenhagen

Central Business Registration No (CVR): 33361319
Registered in: Copenhagen
Financial year: 01.01.2018 - 31.12.2018

Board of Directors
Thomas Weilby Knudsen
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 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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, 29.03.2019

Executive Board

Morten Borum

Board of Directors

Thomas Weilby Knudsen | 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 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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 exits. 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, 29.03.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Keld Juel Danielsen
State Authorised Public Accountant
Identification No (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 service.

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 2018 established Insurance Business Applications SRL in Romania and Insurance Business Applications SL in Spain and will together with IB Applications, Inc. in USA, IB Applications Ltd., in UK perform sales and support services for customers.

Development in activities and finances
IBA continued a strong momentum and made significant progress in 2018 with growth in sales, revenue and number of customers and partners.

The progress is expected to continue with same speed in 2019 and the management expects significant growth in revenues for the whole of 2019.

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 EUR 1,875K, which is in line with IBA’s long term plans. IBA is running through its yearly and planned cycle of getting additional funding from its shareholders, which already has been agreed, which re-establishes the company capital.

Some employees have received warrants in the company. The value of the share options is not recognized in the 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 March 2019 the shareholders have subscribed to a new convertible loan note of EUR 2.9M to secure the group’s continued 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 2019.

Income statement for 2018

	Notes	2018 EUR	2017 EUR'000
Gross profit		**2.626.367**	**675**
Staff costs	2	(3.737.983)	(4.820)
Depreciation, amortisation and impairment losses		(643.084)	(687)
Operating profit/loss		**(1.754.700)**	**(4.832)**
Income from investments in group enterprises		51.140	28
Other financial income		2.168	13
Other financial expenses		(442.481)	(318)
Profit/loss before tax		**(2.143.873)**	**(5.109)**
Tax on profit/loss for the year	3	268.456	307
Profit/loss for the year		**(1.875.417)**	**(4.802)**
Proposed distribution of profit/loss			
Transferred to reserve for net revaluation according to the equity method		51.140	28
Transferred to other statutory reserves		860.731	312
Retained earnings		(2.787.288)	(5.142)
		(1.875.417)	**(4.802)**

Balance sheet at 31.12.2018

	Notes	2018 EUR	2017 EUR'000
Completed development projects		2.052.687	1.370
Acquired trademarks		9.797	0
Intangible assets	4	**2.062.484**	**1.370**
Other fixtures and fittings, tools and equipment		24.174	19
Property, plant and equipment	5	**24.174**	**19**
Investments in group enterprises		84.118	30
Deposits		34.456	31
Fixed asset investments	6	**118.574**	**61**
Fixed assets		**2.205.232**	**1.450**
Trade receivables		573.803	638
Contract work in progress		151.891	0
Receivables from group enterprises		651.715	30
Deferred tax		268.457	209
Other receivables		10.319	9
Prepayments		219.532	158
Receivables		**1.875.717**	**1.044**
Cash		**637.849**	**845**
Current assets		**2.513.566**	**1.889**
Assets		**4.718.798**	**3.339**

Balance sheet at 31.12.2018

	Notes	2018 EUR	2017 EUR'000
Contributed capital		23.164	18
Reserve for net revaluation according to the equity method		78.875	28
Reserve for development expenditure		1.635.909	775
Retained earnings		(3.004.764)	(4.203)
Equity		**(1.266.816)**	**(3.382)**
Other provisions		0	1.208
Provisions		**0**	**1.208**
Debt to other credit institutions		3.751.228	3.955
Non-current liabilities other than provisions	7	**3.751.228**	**3.955**
Current portion of long-term liabilities other than provisions	7	316.605	0
Bank loans		2.490	15
Prepayments received from customers		804	346
Trade payables		964.230	551
Payables to group enterprises		0	13
Other payables		950.257	633
Current liabilities other than provisions		**2.234.386**	**1.558**
Liabilities other than provisions		**5.985.614**	**5.513**
Equity and liabilities		**4.718.798**	**3.339**
Events after the balance sheet date	1		
Contingent liabilities	8		

Statement of changes in equity for 2018

	Contributed capital EUR	Reserve for net revaluation according to the equity method EUR	Reserve for development expenditure EUR	Retained earnings EUR
Equity beginning of year	17.912	27.931	775.178	(4.203.499)
Increase of capital	5.252	0	0	3.986.023
Exchange rate adjustments	0	(196)	0	0
Profit/loss for the year	0	51.140	860.731	(2.787.288)
Equity end of year	**23.164**	**78.875**	**1.635.909**	**(3.004.764)**

	Total EUR
Equity beginning of year	(3.382.478)
Increase of capital	3.991.275
Exchange rate adjustments	(196)
Profit/loss for the year	(1.875.417)
Equity end of year	**(1.266.816)**

Notes

1. Events after the balance sheet date

The existing shareholders have continued to support the company financially and in March 2019 the shareholders have subscribed to a new convertible loan note of EUR 2.9M to secure the group's continued international growth plans.

	2018 EUR	2017 EUR'000
2. Staff costs		
Wages and salaries	3.300.612	4.209
Pension costs	338.840	429
Other social security costs	32.863	95
Other staff costs	65.668	87
	3.737.983	**4.820**
Average number of employees	**45**	**45**

The average number of employees include employees from the companies subsidiaries (17 in 2018, and 5 in 2017), the staff costs from the subsidiaries are recharged to the parent company.

	2018 EUR	2017 EUR'000
3. Tax on profit/loss for the year		
Change in deferred tax	(268.456)	(209)
Adjustment concerning previous years	0	(98)
	(268.456)	**(307)**

Notes

	Completed development projects EUR	Acquired trademarks EUR
4. Intangible assets		
Cost beginning of year	3.538.342	0
Additions	1.316.305	9.930
Cost end of year	**4.854.647**	**9.930**
Amortisation and impairment losses beginning of year	(2.167.955)	0
Amortisation for the year	(634.005)	(133)
Amortisation and impairment losses end of year	**(2.801.960)**	**(133)**
Carrying amount end of year	**2.052.687**	**9.797**

	Other fixtures and fittings, tools and equipment EUR
5. Property, plant and equipment	
Cost beginning of year	105.334
Additions	13.905
Cost end of year	**119.239**
Depreciation and impairment losses beginning of year	(86.119)
Depreciation for the year	(8.946)
Depreciation and impairment losses end of year	**(95.065)**
Carrying amount end of year	**24.174**

Notes

	Investments in group enterprises EUR	Deposits EUR
6. Fixed asset investments		
Cost beginning of year	2.026	30.786
Additions	3.217	34.456
Disposals	0	(30.786)
Cost end of year	**5.243**	**34.456**
Revaluations beginning of year	27.931	0
Exchange rate adjustments	(196)	0
Share of profit/loss for the year	51.140	0
Revaluations end of year	**78.875**	**0**
Carrying amount end of year	**84.118**	**34.456**

	Registered in	Equity interest %
Investments in group enterprises comprise:		
IB Applications Limited	England	100,0
IB Applications Inc.	USA	100,0
Insurance Business Applications SRL	Romania	100,0
Insurance Business Applications SL	Spain	100,0

	Due within 12 months 2018 EUR	Due after more than 12 months 2018 EUR
7. Liabilities other than provisions		
Debt to other credit institutions	316.605	3.751.228
	316.605	**3.751.228**

Debt to other credit institutions, are a loan from Vaekstfonden (Danish venture capital fund). The debt is secured by a company pledge.

Notes

8. Contingent liabilities

The company has rental commitments from rent of office spaces, amounting to 142k EUR as of 31.12.2018, the rental premises are irrevocable until the 31.03.2020.

The company has recognized liabilities to project compensations and it is the management´s opinion that the completion of the projects will not have financial impact on the company besides what is already included in the annual report.

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 report-ing class C.

The company has for the year 2018 opted to change its repporting currency from DKK to EUR. All figures for 2017 have as a result of this been converted to EUR, to allow for comparability between the years. The change has been made to accomedate the companies international portfolio.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Accounting policies

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

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.

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.

Accounting policies

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 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.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Accounting policies

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

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 en-terprises 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

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

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.

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.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Accounting policies

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.