

INSURANCE BUSINESS APPLICATIONS ApS

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

Annual report 2019

The Annual General Meeting adopted the annual report on 28.08.2020

Chairman of the General Meeting

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 (CVR): 33361319

Registered in: Copenhagen

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Thomas Weilby Knudsen, Chairman

Anders Engdal

Erik Balck Sørensen

Kim Wiencken

Executive Board

Morten Borum

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of INSURANCE BUSINESS APPLICATIONS ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 28.08.2020

Executive Board

Morten Borum

Board of Directors

Thomas Weilby Knudsen
Chairman

Anders Engdal

Erik Balck Sørensen

Kim Wiencken

Independent auditor's report

To the shareholders of INSURANCE BUSINESS APPLICATIONS ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of INSURANCE BUSINESS APPLICATIONS ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated

Independent auditor's report

financial statements and these parent 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:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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, 28.08.2020

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 companies. 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 including GDPR. The platform enables our customers to very fast create, launch and adjust insurance products and services in any given market.

IBA has in 2019 established IB Applications GmbH in Germany and IB Applications K.K. in Japan and will together with our subsidiaries in USA, UK, Spain, Romania perform sales and support services for customers.

Development in activities and finances

IBA continued a strong momentum and made significant progress in 2019 with growth in sales, revenue and number of customers and partners.

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

This year's annual report shows a loss of EUR 4,829K, which is in line with IBA's long term plans. The Gross profit for 2019 was affected by a one-time cost of € 1,326. Without this one-time cost the Gross profit would have been € 2,699K.

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

Outlook

The existing shareholders continues to support the company financially to secure the group's continued international growth plans. In 2020 the company capital has been increased with € 3,350K through cash investments and conversion of loans from the existing shareholders and Vækstfonden has granted an additional new shareholder loan of € 1,342K.

As a result of the COVID-19 pandemic some projects have been delayed, however, IBA has still been able to deliver projects to go live during COVID-19. Apart from the short-term project delays, IBA sees the effects of COVID-19 as positive as the customers realize the importance of being on a modern cloud solution. The effect of COVID-19 is updated in our plans and IBA expects continued growth, increase of geographical footprint and continued investment in both R&D, Product Management and penetrating new markets in 2020.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 EUR</u>	<u>2018 EUR'000</u>
Gross profit		1.372.310	2.644
Staff costs	2	(5.105.521)	(3.686)
Depreciation, amortisation and impairment losses	3	(840.560)	(648)
Operating profit/loss		(4.573.771)	(1.690)
Other financial income	4	112.424	2
Other financial expenses	5	(775.743)	(444)
Profit/loss before tax		(5.237.090)	(2.132)
Tax on profit/loss for the year	6	408.541	257
Profit/loss for the year		(4.828.549)	(1.875)
Proposed distribution of profit/loss			
Retained earnings		(4.828.549)	(1.875)
		(4.828.549)	(1.875)

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 EUR</u>	<u>2018 EUR'000</u>
Completed development projects		2.982.529	2.052
Acquired trademarks		8.781	9
Intangible assets	7	2.991.310	2.061
Other fixtures and fittings, tools and equipment		45.095	24
Leasehold improvements		65.465	73
Property, plant and equipment	8	110.560	97
Deposits		108.546	64
Fixed asset investments	9	108.546	64
Fixed assets		3.210.416	2.222
Trade receivables	10	1.059.089	718
Contract work in progress		29.410	151
Deferred tax	11	415.603	268
Other receivables		278.115	47
Prepayments		143.453	227
Receivables		1.925.670	1.411
Cash		831.765	1.155
Current assets		2.757.435	2.566
Assets		5.967.851	4.788

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 EUR</u>	<u>2018 EUR'000</u>
Contributed capital		34.204	23
Reserve for development expenditure		2.330.690	1.635
Retained earnings		(4.007.825)	(2.925)
Equity		(1.642.931)	(1.267)
Payables to shareholders and management		4.057.099	3.751
Other payables	12	803.244	0
Non-current liabilities other than provisions	13	4.860.343	3.751
Current portion of long-term liabilities other than provisions	13	602.433	316
Bank loans		4.107	2
Prepayments received from customers		381.048	0
Contract work in progress		86.094	0
Trade payables		691.231	995
Payables to shareholders and management		199.681	74
Income tax payable		20.294	15
Other payables		765.551	902
Current liabilities other than provisions		2.750.439	2.304
Liabilities other than provisions		7.610.782	6.055
Equity and liabilities		5.967.851	4.788
Unusual circumstances	1		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Transactions with related parties	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2019

	Contributed capital EUR	Share premium EUR	Reserve for development expenditure EUR
Equity beginning of year	23.164	0	1.635.909
Increase of capital	11.102	4.429.766	0
Transferred from share premium	0	(4.429.766)	0
Exchange rate adjustments	(62)	0	0
Profit/loss for the year	0	0	694.781
Equity end of year	34.204	0	2.330.690

	Retained earnings EUR	Total EUR
Equity beginning of year	(2.925.889)	(1.266.816)
Increase of capital	0	4.440.868
Transferred from share premium	4.429.766	0
Exchange rate adjustments	11.627	11.565
Profit/loss for the year	(5.523.330)	(4.828.549)
Equity end of year	(4.007.826)	(1.642.932)

Notes to consolidated financial statements

1. Unusual circumstances

The Gross profit for 2019 was affected by a one-time cost of € 1,326. Without this one-time cost the Gross profit would have been € 2,699K.

	2019 EUR	2018 EUR'000
2. Staff costs		
Wages and salaries	4.657.974	3.246
Pension costs	336.520	339
Other social security costs	28.473	35
Other staff costs	82.554	66
	5.105.521	3.686
 Average number of employees	 76	 45

	2019 EUR	2018 EUR'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	809.910	634
Depreciation of property, plant and equipment	30.650	14
	840.560	648

	2019 EUR	2018 EUR'000
4. Other financial income		
Other interest income	0	1
Exchange rate adjustments	112.424	1
	112.424	2

	2019 EUR	2018 EUR'000
5. Other financial expenses		
Other interest expenses	612.617	413
Exchange rate adjustments	139.871	11
Other financial expenses	23.255	20
	775.743	444

Notes to consolidated financial statements

	2019 EUR	2018 EUR'000
6. Tax on profit/loss for the year		
Current tax	30.952	11
Change in deferred tax	(417.434)	(268)
Adjustment concerning previous years	(22.059)	0
	(408.541)	(257)

	Completed develop- ment projects EUR	Acquired trademarks EUR
7. Intangible assets		
Cost beginning of year	4.853.837	9.903
Exchange rate adjustments	(6.000)	0
Additions	1.744.178	0
Cost end of year	6.592.015	9.903
Amortisation and impairment losses beginning of year	(2.800.566)	(132)
Amortisation for the year	(808.920)	(990)
Amortisation and impairment losses end of year	(3.609.486)	(1.122)
Carrying amount end of year	2.982.529	8.781

The recognized "Completed development projects" relate to the development of the company's SaaS platform, IBsuite. The SaaS platform is further developed on an ongoing basis, which is why there will be ongoing addition to the development project. The company's core services, are delivered through the platform.

	Other fixtures and fittings, tools and equipment EUR	Leasehold improve- ments EUR
8. Property, plant and equipment		
Cost beginning of year	118.925	77.732
Exchange rate adjustments	0	(1.000)
Additions	35.357	10.240
Cost end of year	154.282	86.972
Depreciation and impairment losses beginning of year	(94.814)	(5.230)
Depreciation for the year	(14.373)	(16.277)
Depreciation and impairment losses end of year	(109.187)	(21.507)
Carrying amount end of year	45.095	65.465

Notes to consolidated financial statements

	Deposits EUR
9. Fixed asset investments	
Cost beginning of year	63.901
Additions	44.645
Cost end of year	108.546
Carrying amount end of year	108.546

10. Short-term trade receivables

Part of the company's debtor's due after a year. This part amounts to 128 TEUR.

11. Deferred tax

Deferred tax consists of tax credit. The tax credit has been paid out at the end of June 2020.

	2019 EUR	2018 EUR'000
12. Other long-term payables		
Other costs payable	803.244	0
	803.244	0

	Due within 12 months 2019 EUR	Due within 12 months 2018 EUR'000	Due after more than 12 months 2019 EUR
13. Liabilities other than provisions			
Debt to other credit institutions	0	316	0
Payables to shareholders and management	0	0	4.057.099
Other payables	602.433	0	803.244
	602.433	316	4.860.343

	2019 EUR	2018 EUR'000
14. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	175.281	142

	2019 EUR	2018 EUR'000
15. Contingent liabilities		
Recourse and non-recourse guarantee commitments	40.162	40
Contingent liabilities in total	40.162	40

Shareholder loan are secured by way of a company charge of EUR 3,012 thousand nominal provided by the Company. The company charges include the below assets with the following carrying amounts at the balance

Notes to consolidated financial statements

sheet date.

Completed development projects	2,983 DKK '000
Acquired trademarks	9 DKK '000
Other fixtures and fittings, tools and equipment	45 DKK '000
Trade receivables	752 DKK '000

16. Transactions with related parties

The annual report only discloses related party transactions that have not been completed on a normal basis market conditions. No such transactions have been completed during the financial year.

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
17. Subsidiaries			
IB Applications Limited	England	LTD	100,0
Insurance Business Applications SRL	Romania	SRL	100,0
Insurance Business Aplicaciona SL	Spain	SL	100,0
IB Applications INC	USA	INC	100,0
IB Applications GmbH	Germany	GmbH	100,0
IB Applications KK	Japan	KK	100,0

Parent income statement for 2019

	<u>Notes</u>	<u>2019 EUR</u>	<u>2018 EUR'000</u>
Gross loss		(1.110.912)	2.629
Staff costs	2	(2.710.446)	(3.739)
Depreciation, amortisation and impairment losses	3	(824.696)	(643)
Operating profit/loss		(4.646.054)	(1.753)
Income from investments in group enterprises		111.332	51
Other financial income	4	35.830	2
Other financial expenses	5	(767.527)	(443)
Profit/loss before tax		(5.266.419)	(2.143)
Tax on profit/loss for the year	6	437.870	268
Profit/loss for the year		(4.828.549)	(1.875)
Proposed distribution of profit/loss			
Retained earnings		(4.828.549)	(1.875)
		(4.828.549)	(1.875)

Parent balance sheet at 31.12.2019

	Notes	2019 EUR	2018 EUR'000
Completed development projects		2.982.534	2.052
Acquired trademarks		8.781	10
Intangible assets	7	2.991.315	2.062
Other fixtures and fittings, tools and equipment		45.095	24
Property, plant and equipment	8	45.095	24
Investments in group enterprises		227.313	84
Deposits		36.346	34
Fixed asset investments	9	263.659	118
Fixed assets		3.300.069	2.204
Trade receivables	10	752.328	574
Contract work in progress		0	152
Receivables from group enterprises		566.065	652
Deferred tax	11	415.604	268
Other receivables		210.936	10
Prepayments		135.853	220
Receivables		2.080.786	1.876
Cash		411.428	638
Current assets		2.492.214	2.514
Assets		5.792.283	4.718

Parent balance sheet at 31.12.2019

	Notes	2019 EUR	2018 EUR'000
Contributed capital		34.204	23
Reserve for net revaluation according to the equity method		193.312	79
Reserve for development expenditure		2.330.690	1.636
Retained earnings		(4.201.138)	(3.004)
Equity		(1.642.932)	(1.266)
Payables to shareholders and management		4.057.104	3.752
Other payables	12	802.925	0
Non-current liabilities other than provisions		4.860.029	3.752
Current portion of long-term liabilities other than provisions		602.434	317
Bank loans		4.107	2
Prepayments received from customers		303.687	1
Contract work in progress		86.094	0
Trade payables		490.836	964
Payables to group enterprises		214.228	0
Payables to shareholders and management		199.682	74
Other payables		674.118	874
Current liabilities other than provisions		2.575.186	2.232
Liabilities other than provisions		7.435.215	5.984
Equity and liabilities		5.792.283	4.718
Unusual circumstances	1		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Transactions with related parties	15		

Parent statement of changes in equity for 2019

	Contributed capital EUR	Share premium EUR	Reserve for net revaluation according to the equity method EUR	Reserve for development expenditure EUR
Equity beginning of year	23.164	0	78.875	1.635.909
Increase of capital	11.102	4.429.766	0	0
Transferred from share premium	0	(4.429.766)	0	0
Exchange rate adjustments	(62)	0	(209)	0
Profit/loss for the year	0	0	114.646	694.781
Equity end of year	34.204	0	193.312	2.330.690
			Retained earnings EUR	Total EUR
Equity beginning of year			(3.004.764)	(1.266.816)
Increase of capital			0	4.440.868
Transferred from share premium			4.429.766	0
Exchange rate adjustments			11.836	11.565
Profit/loss for the year			(5.637.976)	(4.828.549)
Equity end of year			(4.201.138)	(1.642.932)

Notes to parent financial statements

1. Unusual circumstances

The Gross profit for 2019 was affected by a one-time cost of € 1,326. Without this one-time cost the Gross profit would have been € 2,699K.

2. Staff costs

	2019 EUR	2018 EUR'000
Wages and salaries	2.267.276	3.301
Pension costs	336.520	339
Other social security costs	28.286	33
Other staff costs	78.364	66
	2.710.446	3.739
Average number of employees	27	28

3. Depreciation, amortisation and impairment losses

	2019 EUR	2018 EUR'000
Amortisation of intangible assets	810.315	634
Depreciation of property, plant and equipment	14.381	9
	824.696	643

4. Other financial income

	2019 EUR	2018 EUR'000
Financial income arising from group enterprises	15.438	0
Other interest income	0	1
Exchange rate adjustments	20.392	1
	35.830	2

5. Other financial expenses

	2019 EUR	2018 EUR'000
Financial expenses from group enterprises	7.373	0
Other interest expenses	612.616	413
Exchange rate adjustments	128.556	12
Other financial expenses	18.982	18
	767.527	443

Notes to parent financial statements

	2019 EUR	2018 EUR'000
6. Tax on profit/loss for the year		
Change in deferred tax	(415.811)	(268)
Adjustment concerning previous years	(22.059)	0
	(437.870)	(268)
	Completed develop- ment projects EUR	Acquired trademarks EUR
7. Intangible assets		
Cost beginning of year	4.853.647	9.903
Exchange rate adjustments	(11.803)	0
Additions	1.744.181	0
Cost end of year	6.586.025	9.903
Amortisation and impairment losses beginning of year	(2.801.960)	(132)
Exchange rate adjustments	7.794	0
Amortisation for the year	(809.325)	(990)
Amortisation and impairment losses end of year	(3.603.491)	(1.122)
Carrying amount end of year	2.982.534	8.781

The recognized "Completed development projects" relate to the development of the company's SaaS platform, IBsuite. The SaaS platform is further developed on an ongoing basis, which is why there will be ongoing addition to the development project. The company's core services, are delivered through the platform.

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment EUR
8. Property, plant and equipment	
Cost beginning of year	118.925
Additions	35.357
Cost end of year	154.282
Depreciation and impairment losses beginning of year	(94.814)
Exchange rate adjustments	8
Depreciation for the year	(14.381)
Depreciation and impairment losses end of year	(109.187)
Carrying amount end of year	45.095

	Invest- ments in group enterprises EUR	Deposits EUR
9. Fixed asset investments		
Cost beginning of year	5.230	34.365
Additions	28.771	1.981
Cost end of year	34.001	36.346
Revaluations beginning of year	78.666	0
Exchange rate adjustments	5.776	0
Share of profit/loss for the year	111.276	0
Other adjustments	(2.406)	0
Revaluations end of year	193.312	0
Carrying amount end of year	227.313	36.346

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

10. Trade receivables

Part of the company's debtor's due after a year. This part amounts to 128 TEUR.

11. Deferred tax

Deferred tax consists of tax credit. The tax credit has been paid out at the end of June 2020.

Notes to parent financial statements

	2019 EUR	2018 EUR'000
12. Other long-term payables		
Other costs payable	802.925	0
	802.925	0
	2019 EUR	2018 EUR'000
13. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	142.158	142
	2019 EUR	2018 EUR'000
14. Contingent liabilities		
Recourse and non-recourse guarantee commitments	40.162	40
Contingent liabilities in total	40.162	40

Shareholder loan are secured by way of a company charge of EUR 3,012 thousand nominal provided by the Company. The company charges include the below assets with the following carrying amounts at the balance sheet date.

Completed development projects	2,983 DKK '000
Acquired trademarks	9 DKK '000
Other fixtures and fittings, tools and equipment	45 DKK '000
Trade receivables	752 DKK '000

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15. Transactions with related parties

The annual report only discloses related party transactions that have not been completed on a normal basis market conditions. No such transactions have been completed during the financial year.

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.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

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.

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 of the time of acquisition or the time of any subsequent revaluation or writedown. 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.

Accounting policies

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

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, 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 internal 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 or exchange 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 or exchange 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 less deferred tax 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 amortisation that are directly and indirectly attributable to the development projects.

Accounting policies

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 amortisation period 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.

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-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

Indirect production costs in the form of indirect 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

In the parent financial statements, 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 will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Accounting policies

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.

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 finance costs are recognised in the income statement as incurred.

Deferred tax

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

Deferred tax assets, including the tax base of tax loss carry forwards, 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 bank deposits.

Operating leases

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

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.

Income tax receivable or payable

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