HealthPlan Services, Inc.

Special Purpose Standalone Financial Statements
Year Ended December 31, 2019

Sensitivity: Internal & Restricted

HealthPlan Services, Inc.
Contents
Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Members of HealthPlan Services, Inc

Report on the Audit of the Special Purpose Standalone Financial Statements

Opinion

We have audited the special purpose standalone financial statements of HealthPlan Services, Inc (the "Company"), which comprise the balance sheet as at December 31, 2019, and the related statements of operations, statement of changes in stockholder's equity and cash flows for the year then ended, and related notes to the special purpose standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose standalone financial statements of the Company for the year ended December 31, 2019, present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance, changes in stockholder's equity and its cash flows for the year then ended, in accordance with the basis of accounting described in Note 1 of the special purpose standalone financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the special purpose standalone financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the special purpose standalone financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The special purpose standalone financial statements of the Company have been prepared for the first time from the year commencing on January 1, 2019 and accordingly the financial information for the year ended up to December 31, 2018 is unaudited.

Our opinion is not modified in respect of the above matter.

Basis of Accounting

We draw attention to Note 1 to the special purpose standalone financial statements, which describes the basis of accounting.

Restriction on Distribution and Use

The special purpose standalone financial statements are prepared on the basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the special purpose standalone financial statements may not be suitable for another purpose. Our report is intended solely for the information and use of the member and management of Company and for Wipro Limited, its ultimate holding Company, for the purpose of meeting the requirements of Section 137 of the Companies Act, 2013, read with rules thereunder and is not intended to be and should not be used by anyone other than the above specified purpose. Our opinion is not modified with respect to that matter.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Standalone Financial Statements

Management is responsible for the preparation of the special purpose standalone financial statements in accordance with basis of accounting mentioned in Note 1 and this includes design , implementation and maintenance of such internal control as management determines is necessary to enable the preparation of special purpose standalone financial statement that are free from material misstatement whether due to fraud or error.

In preparing the Special purpose standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.
Those Charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Special Purpose Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 standalone financial statements.

We give in "Annexure A" a detailed description of Auditors' responsibilities for Audit of the Special purpose standalone financial statements.

SD/-
BDO India LLP
Mumbai
Date : 15 June, 2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON EVEN DATE ON THE SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS OF HEALTHPLAN SERVICES, INC

Auditors' Responsibilities for the Audit of the Special Purpose Standalone Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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 Company's internal controls.

- 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

SD/-
BDO India LLP
Mumbai
Date : 15 June, 2020

HealthPlan Services, Inc
Special Purpose Standalone Balance Sheet
As of December 31,2019
(in thousands, except share and per share amounts)

Assets		
Current Assets:		
Cash and cash equivalents		
Unrestricted Cash	$	11,951
Restricted cash (See Note 1)		388
Accounts receivable, net of allowance for doubtful accounts of $1,324 at December 31 2019		14,416
Contract Assets		6,880
Prepaid expenses and other current assets		5,535
Total current assets		39,170
Property and equipment, net		26,751
Operating lease right of use assets, net		9,037
Other assets		
Investment In Subsidiaries (Refer note 1)		-
Securiy deposit		71
Tax receivable		9
		35,868
Total assets	$	75,038
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	$	2,608
Premiums payable to carriers		2,408
Accrued liabilities		16,181
Loan payable		220
Current portion of operating lease obligations		3,418
Related Party Notes Payable		22,115
Other liabilities		507
Contract Liabilities		668
Related Party Payables, net		2,879
Total current liabilities		51,004
Long-term Liabilities:		
Operating lease obligations , less current portion		6,878
Commitments and contingencies		
Stockholder's equity:		
Common Stock, $0.01 par value, 1000 shares issued and outstanding		-
Additonal paid-in capital		76,000
Accumulated deficit		(58,844)
		17,156
Total liabilities and Stockholder's equity	$	75,038

See accompanying notes to special purpose standalone financial statements

HealthPlan Services, Inc
Special Purpose Standalone Statement of Operations
For the Year Ended December 31,2019
(in thousands)

Operating revenues	$	1,43,599
Opertaing Expenses:		
Personnel expenses		78,668
General and administrative		58,177
Depreciation and amortization		10,253
Sub-contracting expenses		13,423
Agent commissions		782
Other operating expenses		248
Impairment Loss		29,449
Total operating expenses		1,91,001
Loss from operations		(47,401)
Interest expense		1,172
Other Income		(1,172)
Loss before provision for income taxes		(47,402)
Provision for income taxes		-
Net loss	$	(47,402)

See accompanying notes to special purpose standalone financial statements

HealthPlan Services, Inc
Special Purpose Standalone Statement of Changes in Stockholder's Equity
For the Year ended December 31,2019
(in thousands, except share and per share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholder's equity
	Shares	Amount			
Balance as of January 1, 2019	1,000	$ -	$ 21,000	$ (11,443)	$ 9,557
Capital Contribution			$ 55,000	-	$ 55,000
Net loss			-	$ (47,402)	$ (47,402)
Balance as of December 31, 2019	1,000	$ -	$ 76,000	$ (58,844)	$ 17,156

See accompanying notes to special purpose standalone financial statements

HealthPlan Services, Inc
Special Purpose Standalone Statement of Cash Flows
For the Year ended December 31, 2019
(in thousands)

Cash flows from operating activities:	
Net Loss	$ (47,402)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortisation	10,253
Impairment of Property and equipment	8,295
Impairment of goodwill and intangible assets	19,618
Impairment of investment in subsidiary	1,536
Gain on sale of equipment	(1,161)
Provision for doubtful accounts	(10)
Changes in assets and liabilities,	
Accounts receivable and Contract assets	5,720
Prepaid expenses, other current and other assets	2,281
Operating lease right of use assets, net	(9,037)
Accounts payable	(4,092)
Premiums payable to carriers	(602)
Accrued liabilities and other liabilities	(10,144)
Accrued interest expense on related party note payable	193
Contract Liabilities	(3,913)
Related Party payables, net	(11,844)
Operating lease obligations	10,296
Net cash used in operating activities	(30,012)
Cash flows from investing activities:	
Proceeds from sale of property and equipment	1,183
Purchases of property and equipment	(6,448)
Net cash used in investing activities	(5,265)
Cash flows from financing activities:	
Capital contribution	55,000
Payment of loan payable and finance lease obligations	(11,279)
Net cash provided by financing activities	43,721
Net Increase in cash and cash equivalents	8,444
Cash and cash equivalents:	
Beginning of year	3,895
End of year	$ 12,339
Supplemental disclosures of cash flow information:	
Cash paid for interest	$ 979

See accompanying notes to special purpose standalone financial statements

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Note 1. Description of Business and Organization and Summary of Significant Accounting Policies

HealthPlan Services, Inc. (“HPSI”), a Florida corporation, is the largest independent provider of sales, service, retention and technology solutions to the insurance and managed care industry. Since 1970, HPSI has offered customized administration, distribution and technology services to insurers of individual, small group, voluntary and association plans, as well as valuable solutions to thousands of brokers and agents. HPSI’s proprietary, scalable technology provides innovative consumer-facing solutions that are turnkey self-service tools for insurance carriers and distribution partners. HPSI offers an ever-expanding array of services to a diverse and growing client base, and administers products that include medical (PPO, HMO, indemnity, consumer-driven), dental, vision, life, disability, cancer, critical illness, accident, long-term care, limited medical, as well as various other ancillary insurance. HPSI also provides services for the administration of the Affordable Care Act.

HPSI’s operations are based in Tampa, Florida and Canfield and Westerville, Ohio. HPSI hereinafter, referred to as “the Company”, “our”, or “we”. The Company’s parent is Wipro IT Services, LLC (the “Parent”)

The Company provides distribution, underwriting, administrative services (i.e. billing, claims and call centers), and technology solutions for insurance companies, health maintenance organizations, associations, individuals, small businesses, and larger employers. The Company functions solely as a service provider generating fee-based income and does not assume any underwriting risk. It operates as a single, integrated business entity by leveraging a shared information technology backbone, expertise in administration, management and facilities.

HPSI also provides sales support, administration, and claims adjudication services to the self-funded, ancillary, and commercial major medical markets.

Liquidity and management’s plans: As shown in the accompanying special purpose standalone financial statements, the Company had a net loss, negative working capital and negative cash flows from operations. Management plans to increase revenues through recovery of lost customers and expanding its market and seeks to control costs. However, there can be no assurances that management’s plans will be achieved. The Parent Company has committed to provide working capital necessary for funding the operations of the Company through one year from the date of this report, as needed. The Parent has further demonstrated their ability to fund the operations through a capital contribution of $55,000 during the year ended December 31, 2019.

A summary of the Company’s significant accounting policies are as follows:

Basis of Accounting

The special purpose standalone financial statements of the Company have been prepared using a basis of accounting other than accounting principles generally accepted in the United States of America (“U.S. GAAP”) as the accompanying special purpose standalone financial statements do not include the results of wholly-owned subsidiary. The financial position, results of operations, and cash flows of HealthPlan Insurance Agency LLC, have not been consolidated with the Company as required by Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, Consolidation. Additionally, the Company is not accounting for its investment in subsidiaries in accordance with FASB ASC 323, Investments – Equity Method and Joint Ventures. Instead, the Company has elected to account for its investment in subsidiaries at cost, less any impairments, which approximates fair value at December 31, 2019. The special purpose standalone financial statements include only the results of the Company as of and for the year ended December 31, 2019 prepared on the accrual basis. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. The special purpose standalone financial statements have been prepared for the purpose of meeting the requirements of Section 137 of the Companies Act, 2013, read with rules thereunder by Wipro Limited, the Company's ultimate holding company.

These special purpose standalone financial statements have been prepared on a going concern basis, which assumes the realization of assets and satisfaction of liabilities in the normal course of business. These special purpose standalone financial statements have been presented in U.S. Dollars in thousands, which is the functional and reporting currency of the Company.

The special purpose standalone financial statements have been prepared under US GAAP for the first time by the Company. Hence, comparative figures for the immediately preceding period have not been presented.

Use of estimates: The preparation of these special purpose standalone financial statement requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews its estimates, including but not limited to, recoverability of long-lived assets, on a regular basis, and makes adjustments based on historical experiences and existing and expected future conditions. These evaluations are performed, and adjustments are made as information is available. Management believes that these estimates are reasonable; however, actual results could differ from these estimates.

During the year, the Company changed its reporting period, which previously had a beginning date of April 1 and ending on March 31, to a beginning date of January 1 and ending on December 31.

Adoption of New Accounting Standards: During the year ended December 31, 2019, we adopted the following accounting standards under the Accounting Standards Codification ("ASC") issued by the Financial Accounting Standards Board ("FASB"):

ASC 842 - Lease Accounting **-** We early adopted ASC 842, *Leases*, on January 1, 2019. We elected to apply the provisions of the standard as of the date of adoption, and, therefore, have not restated prior periods. We elected the following transition related practical expedients: not to reassess whether expired or existing contracts are, or contain, leases, not to reassess lease classification as determined under ASC 840, not to reassess initial direct costs from any existing leases, and to use hindsight in determining the lease term when considering options to extend or terminate the lease.

ASC 842 had a material impact on our special purpose standalone balance sheet but did not have an impact on our special purpose standalone statement of operations. The most significant impact was the recognition of ROU assets and lease obligations for operating leases, while our accounting for capital finance leases remained substantially unchanged. Upon adoption, we recorded operating lease obligations of $14,031 and operating lease right of use ("ROU") assets of $12,072 as of January 1, 2019. There was no cumulative effect adjustment to the opening balance of accumulated deficit required.

ASC 606 - *Revenue from Contract with Customers* - On January 1, 2019, the Company adopted ASC 606, *Revenue from Contracts with Customers*, using the cumulative catch-up transition method applied to contracts that were not completed as of January 1, 2019. In accordance with the cumulative catch-up transition method, prior periods have not been retrospectively adjusted. The adoption of ASC 606 did not have a material impact on the accompanying special purpose standalone statement of operations for the year ended December 31, 2019.

(In Thousands)

A. Contract Asset and Liabilities

The timing of revenue recognition may differ from the timing of invoicing to customers. The Company classifies its right to consideration in exchange for deliverables as either an accounts receivable or an unbilled receivable (contract asset).

Contract assets: Contract assets include unbilled amounts from projects when revenues recognized exceed the amounts invoiced to customers related to time and materials contracts or volume-based contracts. Such amounts are recoverable from customers based upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of a contract. Contract assets do not include capitalized costs to obtain and fulfill a contract. During the year ended December 31, 2019, $288 of unbilled revenue as of January 1, 2019, pertaining to fixed-price contracts, has been reclassified to trade receivables on completion of certain milestones.

Contract liabilities: Contract liabilities from contracts arise when amounts invoiced to customers exceed revenues recognized under the cost-to-cost measure of progress. Contract liabilities can also include provision for losses on uncompleted contracts or advanced payments from customers on certain contracts. During the year ended December 31, 2019, the Company recognized revenue of $4,438 arising from opening unearned revenue as of January 1, 2019.

Contract assets and liabilities are reported in a net position on a contract by contract basis at the end of each reporting period. As of January 1, 2019, the balances of accounts receivable (net of allowance for doubtful accounts of $1,334), contract assets, and contract liabilities were $18,875, $8,131, and $4,581, respectively.

B. Remaining Performance Obligations

Revenue allocated to remaining performance obligations represent contracted revenue that has not yet been recognized, which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Applying the practical expedient, the Company has not disclosed its right to consideration from customers in an amount that corresponds directly with the value to the customer of the Company's performance completed to date. These include contracts invoiced on a time and material basis or those that are volume-based.

C. Disaggregation of Revenues

The table below presents disaggregated revenues from contracts with customers by contract-type. The Company believes that the below disaggregation best depicts the nature, amount, timing and uncertainty of revenue and cash flows from economic factors.

Revenue by nature of contract	Total
Time and materials	$ 137,227
Fixed-price and volume based	$ 6,372
	$ 143,599

Revenue recognition: The Company's operating revenues consist of per member per month fees, which are based on services provided to the carrier's monthly serviceable members, fees charged for other administrative services, and fees based upon premiums collected on behalf of or collected by the insurance carriers.

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Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately. In cases where the Company is unable to determine the stand-alone selling price, the Company uses third-party prices for similar deliverables, or the Company uses expected cost-plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

Revenues are recognized ratably over contractual periods or as claims processing and administrative services are performed. Minimum fixed and determinable revenue provided in contracts is also recognized on a straight-line basis, limited to amounts billable according to contractual terms. Revenues from customers with certain contingent rights and revenues based on a percentage of collected cash are not recognized until the corresponding cash is collected. For some of these carriers, whereby the Company has the authority to withhold the amounts related to agent commissions, such collections are directly recognized as revenue. Revenue collected in advance is recorded as a contract liability (deferred revenue) until the related services are performed.

Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the stand-alone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the stand-alone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the stand-alone selling price.

The Company accounts for variable considerations such as volume discounts, rebates and pricing incentives to customers as a reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.

Revenues are shown net of allowances/returns, sales tax, value added tax, goods and services tax and applicable discounts and allowances.

Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognized as an asset when the Company expects to recover these costs and amortized over the contract term.

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The Company recognizes contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset recognized is amortized on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

The Company may enter into arrangements with third party suppliers to resell products or services. In such cases, the Company evaluates whether the Company is the principal (i.e. report revenues on a gross basis) or agent (i.e. report revenues on a net basis). In doing so, the Company first evaluates whether the Company controls the good or service before it is transferred to the customer. If Company controls the good or service before it is transferred to the customer, the Company is the principal; if not, the Company is the agent.

Cash and cash equivalents: Cash and cash equivalents are defined as highly liquid investments that have maturities of three months or less when purchased. Cash and cash equivalents of the Company include bank accounts for two insurance carriers, who are clients of the Company, amounting to approximately $388 at December 31, 2019, used to hold deposits for the carriers' premiums. The Company may only transfer this cash out of the accounts according to the terms between the Company and each of the carriers as stated within the contract.

As of December 31, 2019, the Company had cash balances of approximately $12,089 in excess of limits insured by the Federal Deposit Insurance Corporation. This potentially subjects the Company to market and credit risk. Management periodically assesses the quality of the financial institutions and believes that the risk related to these deposits is minimal.

Cash and cash equivalents are stated at cost, which approximates fair value, based on quoted market prices as of December 31, 2019.

Accounts receivable: Accounts receivable are uncollateralized customer obligations that are recorded when the Company performs its services. The Company determines its allowance for doubtful accounts considering a number of factors, including the overall aging of the receivables, previous history with the customer, contractual terms of the Company's contracts, and the customer's current ability to pay its obligation to the Company. Upon completion of all collection efforts, remaining uncollectible accounts are written off. As of December 31, 2019, the Company had allowance for accounts receivable of approximately $1,324.

As of December 31, 2019, there was approximately $6,880 in accounts receivable for services provided to customers but not yet billed.

Prepaid expenses and other current assets: Prepaid expenses and other current assets consist primarily of prepayments related to insurance, postage, and repair and maintenance contracts.

Property and equipment: Property and equipment is stated at cost. Costs of the assets acquired in prior business combinations have been recorded at their respective fair values at the date of acquisition.

(In Thousands)

Expenditures for maintenance and repairs and research and development costs are expensed as incurred. Major improvements that increase the estimated useful life of an asset are capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives of the related assets:

	Years
Furniture and fixtures	3-10
Computer equipment and software	2-7
Developed software – internal use	2-7
Leasehold improvements	The lesser of the lease term or life of the asset

In accordance with FASB ASC Topic 350, *Intangibles-Goodwill and Other*, certain external direct costs of materials and services, internal payroll and payroll related costs, contracted programming costs, and other qualifying costs incurred in connection with developing or obtaining internal use software are capitalized. No such amounts were capitalized for the year ended December 31, 2019.

Intangibles and impairment of long-lived assets (except goodwill): The Company's long-lived assets (asset groups) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset (asset group) may not be recoverable. Recoverability of long-lived assets (asset groups) to be held and used is measured by a comparison of the carrying amount of a long-lived asset (asset group) to future net cash flows (undiscounted and without interest charges) expected to be generated by the long-lived asset (asset group) to determine if an impairment exists. If such long-lived assets (asset groups) are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the long-lived assets (asset groups) exceed their fair value, which is estimated by calculating the discounted future net cash flows associated with the asset (asset group). Long-lived assets (asset groups) to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

The Company also performed the impairment test on its long-lived assets as increasing net losses and increasing amounts of cash used in operations indicate that carrying value may not be recoverable. Based on the results of the test, the Company recorded property and equipment impairment expense of $8,295 related to developed software – internal use, which is reported in impairment loss in the accompanying special purpose standalone statement of operations for the year ended December 31, 2019.

Other intangible assets: Finite-lived intangible assets resulting from previous business combinations were recognized at fair value at the date of acquisition. Other intangible assets consist of customer lists and are amortized over 10 years using the straight-line method.

During the year, the Company determined a triggering event occurred due to increasing net losses and increasing amounts of cash used in operations. The Company performed an impairment test of other intangible assets, noting that the fair value of equity, which was determined using a valuation method using a present value approach, was approximately $3,125 less than the carrying value. As a result, the Company recorded other intangible asset impairment expense of $3,125 during the year ended December 31, 2019, which is included in impairment loss in the accompanying special purpose standalone statement of operations.

Goodwill: Goodwill results from the excess of the consideration transferred for an acquisition over the estimated fair value of the tangible and identifiable intangible assets acquired and liabilities assumed in previous business combinations. The Company amortizes its goodwill over 10 years using the straight-line method. The Company tests its recorded goodwill for impairment upon a triggering event at the entity level. Factors that could trigger an impairment test include, but are not limited to, under performance relative to historical or projected future operating results, significant changes in the Company's overall business, significant negative industry or economic trends.

During the year, the Company determined a triggering event occurred due to increasing net losses and increasing amounts of cash used in operations. The Company performed an impairment test of goodwill, noting that the fair value of equity, which was determined using a valuation method using a present value approach, was approximately $16,493 less than the carrying value. As a result, the Company recorded goodwill impairment expense of $16,493 during the year ended December 31, 2019, which is included in impairment loss in the accompanying special purpose standalone statement of operations.

Impairment of investment in Subsidiary
During the year, the Company performed an impairment test of investment in its subsidiary, noting that the fair value of investment is less than the carrying value. As a result, the Company recorded impairment expense of $1,536 during the year ended December 31, 2019, which is included in impairment loss in the accompanying special purpose standalone statement of operations.

Premiums payable to carriers: The Company collects insurance premiums on behalf of certain insurance carrier customers and managed care customers. The amount of premiums collected in excess of the Company's compensation for the services it provides are recorded as premiums payable and are paid to the customers according to contractual terms. As of December 31, 2019, two customers represented $2,240 or 93% of the total premiums payable outstanding.

Commissions payable: Agent commissions are recognized as expense in the same period that corresponding revenues are recognized. These commissions are paid to the agents in the month after the related premiums are collected. Commissions payable is included in accrued liabilities on the accompanying special purpose standalone balance sheet.

Leases: The Company has both operating and financing leases for office space and IT equipment. We determine if a contract is, or contains, a lease at inception. A contract is, or contains, a lease if the contract conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. We have the right to control the use of the identified asset when we have both of the following: the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. In making this determination, we consider all relevant facts and circumstances. Operating lease ROU assets are included in non-current assets and operating lease obligations are included in current and non-current liabilities on the accompanying special purpose standalone balance sheet. Finance lease ROU assets are included in non-current assets and financing lease obligations are included in current liabilities on the accompanying special purpose standalone balance sheet.

Our ROU asset is recognized as the lease obligation including any initial indirect costs and any prepaid lease payments, less any lease incentives. Our lease obligations are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. Our lease payments consist of amounts relating to the use of the underlying asset during the lease term, specifically fixed payments, payments to be made in optional periods when we are reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease and the amounts probable of being owed by us under residual guarantees. Our variable lease payments are excluded in measuring ROU assets and lease obligations because they do not depend on an index or a rate and are not in substance fixed payments. We exclude lease incentives and initial direct costs incurred from our lease payments. Our leases typically do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments.

For operating leases, after lease commencement, we measure our lease obligation for each period at the present value of any remaining lease payments, discounted by using the rate determined at lease commencement. We recognize a single operating lease expense calculated on a straight-line basis over

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(In Thousands)

the remaining lease term. The depreciation of the ROU asset increases each year as a result of the declining lease obligation balance.

For finance leases, after lease commencement, we measure our lease obligation by using the effective interest rate method. In each period, the lease obligation will be increased to reflect the interest that is accrued on the related lease obligation by using the appropriate discount rate, offset by a decrease in the lease obligation resulting from the periodic lease payments. We recognize the ROU asset at cost, reduced by any accumulated depreciation. The ROU asset is depreciated on a straight-line basis. Together, the interest expense and depreciation expense result in a front-loaded expense profile. Interest expense and depreciation expense are presented separately on our accompanying special purpose standalone statement of operations.

In our accompanying special purpose standalone statement of operations, we recognize lease expense within general and administrative expense. For leases classified as financing, the interest on lease obligations is classified within interest expense.

Income taxes: The Company files consolidated income tax returns with its parent company in the U.S. federal jurisdiction and various states, whenever applicable, and records its share of the consolidated federal tax liability on a parent-company-down approach. The Company regularly reviews the likelihood of additional tax assessments and adjusts its reserves as additional information or events require. The Company's management has evaluated the need for deferred tax assets, considering the reversal of temporary difference and the ability to carry back losses and believes that certain deferred tax assets will not likely be realized through the reversal of existing taxable temporary differences and future taxable income. The company believes that its tax position comply with applicable tax laws and that the company has adequately provided for applicable tax matters as of December 31, 2019.

The Company accounts for uncertain tax positions in accordance with ASC 740, *Income Taxes*. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit or liability is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit or liability to be recognized is measured as the largest amount of benefit or liability that is greater than 50% likely of being realized upon ultimate settlement. Management has determined there are no uncertain income tax positions requiring recognition in the accompanying special purpose standalone financial statements. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2016.

Note 2. Goodwill and Other Intangible Assets

The following table represents the balance and changes in goodwill as of and for the year ended December 31, 2019:

Goodwill	$ 43,981
Less: accumulated amortization	(27,488)
Less: impairment	(16,493)
Goodwill, net	$ -

Amortization expense relating to goodwill totaled $4,398 for the year ended December 31, 2019 and is included in depreciation and amortization in the accompanying special purpose standalone statement of operations.

(In Thousands)

Other intangible assets consisted of the following as of December 31, 2019:

	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Book Value
Other intangible assets	$ 25,000	$ (21,875)	$ (3,125)	$ -

Amortization expense relating to other intangible assets totaled $2,083 for the year ended December 31, 2019 and is included in depreciation and amortization in the accompanying special purpose standalone statement of operations.

Note 3. Concentration of Customers

The Company is party to a variety of contracts with insurance companies, managed care organizations, and other health care provider customers located throughout the U.S. to provide third-party marketing, administration, claims and data management services, and other value-added services.
Major customers are those that account for 10% or more of the Company’s total revenue for the year ended December 31, 2019, or have net receivable balances as of December 31, 2019, in excess of 10% of total accounts receivable, net of allowance for doubtful account.

As of December 31, 2019, three customers represented over 88% of accounts receivable, and for the year ended December 31, 2019, the same three customers represented 69% of total revenue as follows:

Customer	Receivables	Revenue
Client A	$ 6,488	$ 43,711
Client B	$ 3,895	$ 32,207
Client C	$ 2,372	$ 23,364

Note 4. Property and Equipment

Property and equipment consisted of the following as of December 31, 2019:

Furniture and fixtures	$ 1,464
Computer equipment and software	99,362
Developed software - internal use	85,600
Leasehold improvements	2,537
ROU assets - IT equipment	2,032
	190,995
Less: accumulated depreciation & amortization	(155,949)
Less: accumulated impairment	(8,295)
	$ 26,751

(In Thousands)

Note 5. Leases

For operating leases, the ROU assets and lease liabilities are presented in our **special purpose standalone** balance sheet as follows as of December 31, 2019:

Financial Statement Line Item	Balance Sheet Classification	Amount
Operating lease right of use assets	Other noncurrent assets	$ 9,037
Operating lease obligations - current	Other current liabilities	$ 3,418
Operating lease obligations - non current	Other noncurrent liabilities	$ 6,878

Other supplemental information related to operating leases includes the following as of and for the year ended December 31, 2019:

Weighted-Average Remaining Contractual Lease Term (Years)	2.7
Weighted-Average Discount Rate	4.58%
Cash paid for amounts included in measuring operating lease liabilities:	
Operating cash outflows from operating leases	$ 4,760
Operating lease assets obtained in exchange for lease obligations	$ 12,072

As of and for the year ended December 31, 2019, the balance and activity of finance leases was not significant.

Operating lease costs included in general and administrative expenses during the year ended December 31, 2019 totaled $4,253.

As of December 31, 2019, future minimum rental commitments required under the terms of the existing operating leases are as follows:

For the years ended December 31:	
2020	$ 3,827
2021	4,226
2022	2,696
2023	159
2024	93
Future minimum lease payments	11,001
Less: amounts representing interest	(705)
Present value of minimum lease payments	10,296
Less: Current portion	(3,418)
Long-term portion	$ 6,878

(In Thousands)

Note 6. Credit Facilities

Unsecured related party notes payable to Wipro, including accrued interest ranging from 2.9% to 4.09%, due on demand (Note 8)	$ 22,115
Note payable due in 2020, with interest rate of 2.8%, collateralized by assets with net book value of $31	220
	$ 22,335

Overdraft Protection: The Company has access to an unsecured short-term account overdraft facility ("Overdraft Account") that is maintained by Citibank. The Overdraft Account is shared by the Company and other U.S. Wipro subsidiaries with a maximum total availability of $10,000. The Overdraft Account has no interest charges. Draws on the account are repaid in approximately 14 calendar days. As of December 31, 2019, there was no outstanding balance on the Overdraft Account.

Line of Credit: The Company has an unsecured line of credit ("LOC") facility with a financial institution with a maximum borrowing capacity of $15 million, which is guaranteed by the Company's parent. Principal and interest payments are due on demand or at maturity date, if no demand is made. The LOC matures on August 31, 2020. Note that no line of credit being drawn from the LOC facility or loan shall have a term of more than one year. In 2018, the Company converted the interest rate to the monthly floating London Interbank Offered Rate ("LIBOR") rate. There was no outstanding principal and accrued interest balance as of December 31, 2019.

Note 7. Employee Benefit Plans

Defined contribution plan: The Company has a defined contribution employee benefit plan established pursuant to Section 401(k) of the Internal Revenue Code covering substantially all employees. A total of 524 employees participated in the plan at December 31, 2019. The Company matches all of the employee contributions in the plan limited to 3% of the employee's salary plus an additional 50% match on the next 2% of the employee's salary. Under the provisions of the plan, participants' rights to employer contributions vest 100% on the date the employee completes one year of service with the Company and meets a plan entry date for matching purposes of January 1 or July 1 that coincides with, or next follows, the anniversary date.

The Company's matching expense in connection with this plan for the year ended December 31, 2019 was approximately $1,130 and is included in personnel expenses in the accompanying special purpose standalone statement of operations.

Note 8. Related Party Transactions

During the year ended December 31, 2019, Wipro Group companies paid $24,301 in net revenue to the Company and the Company paid $14,455 to Wipro Group companies for various services. The transactions for services provided by Wipro Group companies are included in sub-contracting expenses and interest expense in the accompanying special purpose standalone statement of operations. Also, the expenses for services received by the subsidiary company towards personnel expenses of $ 1,192, general and administrative expenses of $373 and agent commissions of $ 1,539 are incurred by the Company at first instance and later reimbursed by the subsidiary company.

The Company had a net related party payable balance of $2,879 and $22,115 in related party notes payable to Wipro Group companies as of December 31, 2019. These related party payables represent notes and accrued interest (see Note 6), charges for software subscriptions, employee benefits, and information technology and data center resources. Amounts payable under these arrangements are uncollateralized and are due on demand.

Note 9. Commitments and Contingencies

Regulatory compliance: The Company's activities are highly regulated by state and federal regulatory agencies under requirements that are subject to broad interpretations. The Company cannot predict the position that may be taken by these third parties that could require changes to the manner in which the Company operates.

The Employee Retirement Income Security Act of 1974, as amended ("ERISA") is an evolving area of law and is subject to ongoing regulatory and judicial interpretations. ERISA governs the relationships between certain health benefit plans and the fiduciaries of those plans. In general, ERISA is designed to protect the ultimate beneficiaries of the plans from wrongdoing by the fiduciaries. ERISA provides that a person is a fiduciary of a plan to the extent that such person has discretionary authority in the administration of the plan or with respect to the plan's assets.

Each employer is a fiduciary of the plan it sponsors, but there also can be other fiduciaries of a plan. ERISA imposes various express obligations on fiduciaries. For example, a fiduciary must prevent its plan from engaging in certain prohibited transactions with parties in interest or from acting under an impermissible conflict of interest with a plan. Generally, a party in interest with respect to a plan includes a fiduciary of the plan and persons that provide services to the plan.

State regulation: The Company is subject to regulation under health care, insurance, and other laws of all 50 states, the District of Columbia and Puerto Rico. Many states require the Company or its employees to receive regulatory approval or licensure to provide claims administration services. State regulators have relatively broad discretion to interpret these laws when granting, renewing or revoking licenses or approvals. Regulators could construe some of these laws to prohibit or restrict practices that have been significant factors in the Company's operating procedure for many years.

Litigation: The Company is subject to pending and threatened litigation that arises in the ordinary course of business. Although the outcome of this litigation cannot be predicted with certainty, management believes that ultimate disposition of such matters will not have a material effect on the Company's special purpose standalone financial statements. As of December 31, 2019, the Company is carrying a provision of $3,000 related to an ongoing litigation dispute with a former customer. This represents management's best estimate of the possible loss associated with this matter. The provision is included in accrued liabilities in the accompanying special purpose standalone balance sheet.

Note 10. Subsequent Events

Management has evaluated subsequent events through June 15, 2020, which is the date through which the special purpose standalone financial statements were available to be issued. No significant subsequent events have been identified by management, other than those described below.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

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