

Forsikringens Datacenter A/S (FDC)

Lautrupvang, 3A
2750 Ballerup
Denmark

CVR no. 10 31 76 30

Annual report 2018

The annual report was presented and approved at
the Company's annual general meeting on

26 February 2019

chairman

Forsikringens Datacenter A/S (FDC)

Annual report 2018

CVR no. 10 31 76 30

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Forsikringens Datacenter A/S (FDC)
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Forsikringens Datacenter A/S (FDC) for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Ballerup, 26 February 2019
Executive Board:

Birthe Elkjær
CEO

Board of Directors:



Ramon Zanders
Chairman



Jan Hendrik Van Deenen



Ivo Martinus Cornelis Van
den Heuvel



Frank Høst Meyer



Gitte Mayland Hansen



Independent auditor's report

To the shareholder of Forsikringens Datacenter A/S (FDC)

Opinion

We have audited the financial statements of Forsikringens Datacenter A/S (FDC) for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company 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.



Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 26 February 2019

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
mne32271

Forsikringens Datacenter A/S (FDC)
Annual report 2018
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Management's review

Company details

Forsikringens Datacenter A/S (FDC)
Lautrupvang
3A
2750 Ballerup
Denmark

Telephone: +45 44 65 45 00
Fax: +45 44 65 48 84
Website: www.fdc.dk
E-mail: info@fdc.dk

CVR no.: 10 31 76 30
Established: 1 July 1986
Registered office: Ballerup
Financial year: 1 January – 31 December

Board of Directors

Ramon Zanders, Chairman
Jan Hendrik Van Deenen
Ivo Martinus Cornelis Van den Heuvel
Frank Høst Meyer
Gitte Måjland Hansen

Executive Board

Birthe Elkjær, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Financial highlights

DKK'000	2018	2017	2016	2015	2014
Key figures					
Gross profit/loss	201,721	200,551	199,547	212,717	243,051
Operating profit/loss	30,913	31,924	4,947	-17,966	-5,201
Profit/loss for the year	21,866	23,800	3,998	-17,780	-10,117
Total assets					
Equity	102,286	132,498	130,325	140,313	192,233
	29,080	72,214	48,414	44,416	62,196
Ratios					
Return on equity	42.65%	39.50%	8.60%	-33.40%	-15.00%
Solvency ratio	31.28%	54.50%	37.10%	31.70%	32.40%
Operating margin	9.88%	10.40%	1.60%	-5.70%	-1.50%

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities

FDC offers three business models:

- Policy Administration system for both the Insurance and Life & Pension industry based on our own application F2100
- Large scale operations, delivered at Saas (Software as a Service), on one common IT platform.
- Part of our SaaS solution is Application Management of F2100 and customer specific solution & Operation.

FDC's role is to provide solutions that lower customers' costs by utilizing technology and standard applications and to build a bridge between our customer and the insured, hence retaining and providing new engagements.

Development in activities and financial position

Profit/loss for the year

Profit for year amounts to DKK 21,866 thousand (2017: DKK 23,800 thousand) and the equity amounts to DKK 29,080 thousand as at 31 December 2018 (31 Dec 2017: DKK 72,214 thousand). Management assess the result as satisfactory and largely in line with expectations.

New owners S Europe B.V.

TSS Europe B.V., The Netherlands, acquired the company in January 2018. TSS Europe B.V. is a subsidiary in the Constellation Software Inc. Group, Canada.

Knowledge resources

FDC's domain knowledge in the insurance and pension is vital for design and deliver solutions. We continuous recruiting and training of people to ensure our long term commitment in delivery.

Particular risks

No risks, besides normal risks within FDC's business area, are considered significant.

Outlook

The Management expects through relentless improvement to enhance our Operating results from 2018.

Events after the balance sheet date

None.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Gross profit		201,721	200,551
Staff costs	2	-170,790	-159,635
Depreciation, amortisation and impairment		<u>-18</u>	<u>-8,992</u>
Operating profit		30,913	31,924
Financial income		600	817
Financial expenses		<u>-1,396</u>	<u>-1,826</u>
Profit before tax		30,117	30,915
Tax on profit/loss for the year	3	<u>-8,251</u>	<u>-7,115</u>
Profit for the year	4	<u><u>21,866</u></u>	<u><u>23,800</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
ASSETS			
Fixed assets			
Intangible assets	5		
Completed development projects		<u>0</u>	<u>0</u>
Property, plant and equipment	6		
Plant and machinery		0	0
Fixtures and fittings, tools and equipment		<u>57</u>	<u>75</u>
		<u>57</u>	<u>75</u>
Investments			
Other securities and equity investments		<u>60</u>	<u>60</u>
Total fixed assets		<u>117</u>	<u>135</u>
Current assets			
Receivables			
Trade receivables		29,729	20,145
Receivables from associates		72	16,590
Other receivables		529	183
Deferred tax asset	7	4,791	3,541
Corporation tax		0	1,754
Prepayments	8	<u>16,923</u>	<u>17,622</u>
		<u>52,044</u>	<u>59,835</u>
Cash at bank and in hand		<u>50,125</u>	<u>72,528</u>
Total current assets		<u>102,169</u>	<u>132,363</u>
TOTAL ASSETS		<u>102,286</u>	<u>132,498</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital	9	3,000	3,000
Retained earnings		4,214	59,214
Proposed dividends for the financial year		21,866	10,000
Total equity		29,080	72,214
Provisions			
Other provisions		0	5,500
Total provisions		0	5,500
Liabilities other than provisions			
Current liabilities other than provisions			
Current portion of non-current liabilities		8,221	6,519
Prepayments received from customers		12,415	0
Trade payables		9,883	9,732
Payables to group entities		845	0
Corporation tax		8,901	0
Other payables		32,941	38,533
		73,206	54,784
Total liabilities other than provisions		73,206	54,784
TOTAL EQUITY AND LIABILITIES		102,286	132,498
Contractual obligations, contingencies, etc.	10		
Related party disclosures	11		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2018	3,000	59,214	10,000	72,214
Ordinary dividends paid	0	0	-10,000	-10,000
Transferred over the profit appropriation	0	0	21,866	21,866
Extraordinary dividends paid	0	-55,000	0	-55,000
Equity at 31 December 2018	3,000	4,214	21,866	29,080

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Forsikringens Datacenter A/S (FDC) for 2018 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of TSS Europe B.V.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the rendering of services, which comprises IT operation and development, is recognised as revenue when the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Development of systems which are delivered over several accounting periods is recognised at the sales value of the performed work (the production method). Recognition takes place when delivery of the agreed tasks takes place and when total income and costs on the agreement and the stage of completion at the balance sheet date can be reliably measured and when an outflow of economic benefits, including payments, is probable.

Time spent and costs incurred are recognised in cost of sales, other external costs or staff costs.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Other operating income

Other operating income comprise items of a secondary nature relative to the entity's core activities, including gains on the sale of non-current assets.

Cost of sales

Production costs comprise costs for acquisition and rent of hardware and software as well as for raw materials and consumables, etc. Production costs include amortisation of development projects in progress that are connected to ongoing contracts with customers.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

Development costs comprise production costs, salaries and amortisation directly or indirectly attributable to the Company's development activities. Following the completion of the development work, development costs are amortised over the estimated useful life.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Development projects are capitalised if they are clearly defined and identifiable and the following recognition criteria can be satisfied:

- The technical feasibility of completing the project can be demonstrated.
- Plans are to produce and market the product or to use the product or the process.
- Sufficient technical and financial resources to complete and use or sell the project are available.
- It is probable that the project will generate future economic benefits and that a potential, future market or possibility of internal use in the entity exists.
- The cost can be made up reliably.

Development costs not satisfying the above criteria are expensed in the income statement as incurred.

The cost of development projects is measured at direct costs incurred as well as a portion of costs indirectly attributable to the individual development projects.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses arising from the sale of items of property, plant and equipment are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Other securities and investments

Securities and investments consisting of listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Impairment of non-current assets

Every year, intangible assets and property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash and cash equivalents comprise cash and bank balances.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured at the tax rate applicable at the expected time of realisation. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK'000	2018	2017
Wages and salaries	149,781	138,342
Pensions	20,574	20,840
Other social security costs	435	453
	<u>170,790</u>	<u>159,635</u>
Average number of full-time employees	<u>192</u>	<u>199</u>

By reference to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration to Management is not disclosed.

The Board of Directors does not receive remuneration.

3 Tax on profit/loss for the year

DKK'000	2018	2017
Current tax for the year	9,501	5,345
Deferred tax for the year	-1,250	1,770
	<u>8,251</u>	<u>7,115</u>

4 Proposed profit appropriation

DKK'000	2018	2017
Proposed dividends for the year	21,866	10,000
Retained earnings	0	13,800
	<u>21,866</u>	<u>23,800</u>

5 Intangible assets

DKK'000	Completed development projects
Cost at 1 January 2018	<u>35,585</u>
Cost at 31 December 2018	<u>35,585</u>
Amortisation and impairment losses at 1 January 2018	<u>-35,585</u>
Amortisation and impairment losses at 31 December 2018	<u>-35,585</u>
Carrying amount at 31 December 2018	<u>0</u>

Financial statements 1 January – 31 December

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6 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2018	5,379	2,080	7,459
Disposals for the year	<u>-1,895</u>	<u>-260</u>	<u>-2,155</u>
Cost at 31 December 2018	<u>3,484</u>	<u>1,820</u>	<u>5,304</u>
Depreciation and impairment losses at 1 January 2018	-5,379	-2,005	-7,384
Depreciation for the year	0	-18	-18
Depreciation regarding disposals	<u>1,895</u>	<u>260</u>	<u>2,155</u>
Depreciation and impairment losses at 31 December 2018	<u>-3,484</u>	<u>-1,763</u>	<u>-5,247</u>
Carrying amount at 31 December 2018	<u>0</u>	<u>57</u>	<u>57</u>

7 Deferred tax

DKK'000	2018	2017
Deferred tax at 1 January	3,541	5,311
Deferred tax adjustments for the year in the income statement	<u>1,250</u>	<u>-1,770</u>
	<u>4,791</u>	<u>3,541</u>

8 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including licenses & other services, DKK 16,923 thousand.

9 Share capital

The contributed capital consists of 3,000,000 shares of a nominal value of DKK 1.00 each.

All shares rank equally.

The Company's share capital has remained DKK 3,000 thousand over the past five years.

10 Contractual obligations, contingencies, etc.

DKK'000	2018	2017
Contingent liabilities		
Rent and lease liabilities	83,802	60,895

The Company has rental and lease commitments of DKK 83,802 thousand (2017: DKK 60,895 thousand) at the balance sheet date. Rent obligation totalling DKK 23,194 thousand falls due within 1.5 years. Licenses and maintenance of systems, totalling DKK 38,975 thousand falls due within 3 years and DKK 21,633 thousand falls due within 6 years.

Financial statements 1 January – 31 December

Notes

11 Related party disclosures

Forsikringens Datacenter A/S (FDC) related parties comprise the following:

The following shareholder are registered in the Company's register of shareholder as holding 100% of the votes and 100% of the contributed capital:

TSS Europe B.V. domiciled in the Netherlands.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.