

Forsikringens Datacenter A/S

Lautrupvang 12
2750 Ballerup
Denmark

CVR no. 10 31 76 30

Annual report 2019

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

25 August 2020

Birthe Elkjær
chairman

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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 for the financial year 1 January – 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

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, 25 August 2020
Executive Board:

Birthe Elkjær

Board of Directors:

Ramon Zanders
Chairman

Johannes Willem Kasper

Ivo Martinus Cornelis van
den Heuvel

Frank Høst Meyer

Gitte Måjland Hansen

Independent auditor's report

To the shareholder of Forsikringens Datacenter A/S

Opinion

We have audited the financial statements of Forsikringens Datacenter A/S for the financial year 1 January – 31 December 2019 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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 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 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

Independent auditor's report

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 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, 25 August 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
mne32271

Forsikringens Datacenter A/S
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Management's review

Company details

Forsikringens Datacenter A/S
Lautrupvang 12
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
Johannes Willem Kasper
Ivo Martinus Cornelis van den Heuvel
Frank Høst Meyer
Gitte Mayland Hansen

Executive Board

Birthe Elkjær

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Gross profit	201,038	201,721	200,551	199,547	212,717
Operating profit/loss	61,876	30,913	31,924	4,947	-17,966
Profit/loss for the year	47,317	21,866	23,800	3,998	-17,780
Assets					
Total assets	123,056	102,286	132,498	130,325	140,313
Equity	54,525	29,086	72,214	48,414	44,416
Ratios					
Return on equity	113.18%	42.65%	39.50%	8.60%	-33.40%
Solvency ratio	44.34%	31.28%	54.50%	37.10%	31.70%

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Return on equity $\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$

Solvency ratio $\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$

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 for the year

Profit for the year amounts to DKK 47,317 thousand (2018: DKK 21.866 thousand) and the equity amounts to DKK 54,525 thousand as at 31 December 2019 (31 Dec 2018: DKK 29,086 thousand). The improvement in profit primarily comes from cost reductions. Management assesses the result as satisfactory and largely in line with expectations.

Knowledge resources

FDC's domain knowledge in the insurance and pension industry is vital for designing and delivering solutions. We continue to recruit and train 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

Through relentless improvement, Management expects to reach at least the same operating results in 2020 as in 2019.

Events after the balance sheet date

As at 7 February 2020, an extraordinary dividend of DKK 47,000 thousand has been decided. No further events have occurred after the balance sheet date, which can materially affect the presentation of these financial statements. So far, COVID-19 has had no effect.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Gross profit		201,038	201,721
Staff costs	2	-138,973	-170,790
Depreciation and amortisation		-189	-18
Operating profit		61,876	30,913
Financial income		1,500	600
Financial expenses		-2,654	-1,396
Profit before tax		60,722	30,117
Tax on profit/loss for the year	3	-13,405	-8,251
Profit for the year	4	47,317	21,866

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		211	57
Leasehold improvements		624	0
		<u>835</u>	<u>57</u>
Investments			
Other securities and equity investments		60	60
Total fixed assets		<u>895</u>	<u>117</u>
Current assets			
Receivables			
Trade receivables		29,668	29,729
Receivables from associates		0	72
Other receivables		140	529
Deferred tax asset	6	5,378	4,791
Prepayments	7	12,030	16,923
		<u>47,216</u>	<u>52,044</u>
Cash at bank and in hand		<u>74,945</u>	<u>50,125</u>
Total current assets		<u>122,161</u>	<u>102,169</u>
TOTAL ASSETS		<u><u>123,056</u></u>	<u><u>102,286</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital	8	3,000	3,000
Retained earnings		51,525	4,220
Proposed dividends for the financial year		0	21,866
Total equity		54,525	29,086
Liabilities			
Current liabilities			
Current portion of non-current liabilities		0	8,221
Prepayments received from customers		29	12,415
Trade payables		9,248	9,883
Payables to group entities		1,175	845
Corporation tax		15,574	8,901
Other payables		42,505	32,935
		68,531	73,200
Total liabilities		68,531	73,200
TOTAL EQUITY AND LIABILITIES		123,056	102,286
Contractual obligations, contingencies, etc.	9		
Related party disclosures	10		

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 2019	3,000	4,214	21,866	29,080
Ordinary dividends paid	0	0	-21,866	-21,866
Transferred over the profit appropriation	0	47,317	0	47,317
Equity at 31 December 2019	3,000	51,531	0	54,531

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Forsikringens Datacenter A/S for 2019 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).

Income statement

Gross profit

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

Revenue

Income from the rendering of services, which comprises IT operation and development, is recognised as revenue when the services are rendered.

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.

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1 Accounting policies (continued)

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.

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.

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.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Other fixtures and fittings, tools and equipment	5 years
Fixtures and fittings, tools and equipment	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively. Land is not depreciated. Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

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 fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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.

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 other than provisions

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.

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2 Staff costs

DKK'000	2019	2018
	121,958	149,781
	16,662	20,574
	353	435
	138,973	170,790
Average number of full-time employees	155	199

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.

DKK'000	2019	2018
Current tax for the year	13,992	9,501
Deferred tax for the year	-587	-1,250
	13,405	8,251

3 Tax on profit/loss for the year

4 Proposed profit appropriation

Retained earnings	47,317	21,866
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5 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvement	Total
Cost at 1 January 2019	0	5,305	0	5,305
	0	187	780	967
	0	-200	0	-200
Cost at 31 December 2019	0	5,292	780	6,072
Depreciation and impairment losses at 1 January 2019	0	-5,249	-156	-5,405
Depreciation for the year	0	-33	0	-33
Reversed depreciation and impairment losses on assets sold	0	200	0	200
Depreciation and impairment losses at 31 December 2019	0	-5,082	-156	-5,238
Carrying amount at 31 December 2019	0	210	624	834

Financial statements 1 January – 31 December

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6 Deferred tax

DKK'000	2019	2018
Deferred tax asset at 1 January	4,791	3,541
Deferred tax adjustment for the year	587	1,250
	<u>5,378</u>	<u>4,791</u>

7 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including licenses & other services, DKK 12,030 thousand.

8 Contributed 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 contributed capital has remained DKK 3,000 thousand over the past five years.

9 Contractual obligations, contingencies, etc.

DKK'000	2019	2018
Contingent liabilities		
Rent and lease liabilities	64,645	83,802

Rent and lease obligations amounts to DKK 64,645 thousand (2018: DKK 83,802 thousand).

DKK 28,550 thousand falls due within 1 year and 36,095 falls due within 2-5 years.

10 Related party disclosures

Forsikringens Datacenter A/S' related parties comprise the following:

The following shareholder is 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

Purchase of services from group entities amounted to DKK 1,674 thousand

Balances with related parties are disclosed in the balance sheet.

Management's remuneration is considered conducted on arms length basis.

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Consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The consolidated financial statements of TSS Europe B.V, and group entities are included in the consolidated financial statements of TSS Europe B.V, Papendorpseweg 75.