TIA Technology A/S

Bredevej 2, 2830 Virum

CVR No 19 98 93 48

Annual report for

01.01.2016
-
31.12.2016

The Annual Report was presented and adopted at the Annual General Meeting of the Company on: 24.05.2017

Chairman

David Schøndorff

Contents

Company Information

Company
TIA Technology A/S
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2830 Virum

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Executive Management
Christian Kromann

Board of Directors
Vagn Ove Sørensen
Simon Philip Guy Lee
Jonas Martin Göran Persson
Jakob Holmen Kraglund
Jannik Kruse Petersen
Rikke Kjær Nielsen

Audit
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Management review

Main activity

TIA Technology (TIA) develops and delivers standard insurance software, The TIA Solution, to the general insurance industry. The product is a standard solution developed in close cooperation with customers and partners to incorporate latest functionality requirements and technology. This means that TIA Technology offers new and existing customers a highly competitive and easily upgradable solution.

TIA also provides professional services to the TIA customers, including implementation, upgrade, adaptation, extensions, and application maintenance. These services are provided by highly experienced TIA expert consultants that in addition to a very deep understanding of the TIA Solution have a solid understanding of the operations inside an insurance company.

Developments during the year

In 2016, four insurance companies selected The TIA Solution as their future core insurance platform. Already a market leader in Poland, TIA consolidated this position by adding two new customers: Nationale Nederlanden (NN) and AXA. NN is TIA's second recent bancassurance customer in Poland and highlights the strength of TIA solutions to support such a setup. In South Africa, where TIA also enjoys a dominant position, Bryte (part of Fairfax Group), selected TIA as their insurance software vendor. Because of the continued strong demand in South Africa, TIA initiated a plan to establish a local presence and opened a new office in Johannesburg in early 2017. TIA's continued efforts in Germany resulted in a breakthrough as Fintech incubator FinLeap selected TIA as the solution for their German digital InsurTech company Element. TIA considers Germany a key market and will continue to invest in developing further country-specific functionality.

TIA is proud to be the preferred digitalisation partner and software vendor to such a diverse spectrum of future-oriented insurance players; from large, established insurance companies to digital-born players; from bancassurance to traditional P&C insurance companies and throughout our core geographies.

TIA maintained a strong focus on R&D in 2016 to further develop on the version 7 foundation. The key focus was to build version 7.5, which offers a fundamental shift in claims handling functionality, introduces new core functionality and is designed to support a digital business strategy. In version 7.5, TIA launches REST API (Representative State Transfer Application Programming Interface) as an add-on module, which boosts online/self-service performance and taps into a vast ecosystem of developers, tools and best practices. Version 7.5 was released end of March 2017.

TIA will maintain a dedicated focus on R&D in 2017 and beyond to ensure continued product leadership.

In 2016, three TIA customers, VIS of Iceland, FBD of Ireland and Aviva of Poland, joined the large group of TIA customers using version 7, and interest in upgrading is at record levels. In February 2017, State Treasury of Finland went live with version 7. In addition, TIA has a significant number of customers planning to go live on version 7 during 2017. TIA expects several further upgrade projects to be initiated during 2017.

In 2016, TIA accelerated its growth-oriented strategy with emphasis on strengthening professional services to secure that each TIA implementation is optimised from the customer perspective. Consequently, TIA Professional Services takes responsibility (alone or with our certified and trusted partners) for optimising implementation projects regarding cost and time, and for ensuring ease of use and upgradability, as well as catering for maximum business benefits and easy maintenance.

In line with the growth strategy, TIA acquired Assurator, a Danish implementation partner, in February 2017. Assurator has been a key TIA partner in the Nordics for more than 10 years. With this acquisition, TIA significantly strengthens its Professional Services, as well as best-practice guidance and tools, building a critical mass to support customers through projects, regardless of scope and scale. Additionally, Assurator has developed, SIPAS (Simple Integrate Package and Sell Application), empowering frontline insurance people to evolve with their markets.

TIA maintains its partner strategy and seeks to strengthen its cooperation with selected, quality TIA partners. This will be achieved by granting a TIA certification to selected partners who meet requirements for training, and adhere to best practices and minimal customisations to secure easy upgradability and keep customer cost of operation low.

Financial development

The 2016 accounting year exhibited revenue of DKK 98.3m, reflecting a decline of 25.7% compared to 2015 and 15.8% when zero-margin Professional Service revenue is netted out. License sales increased 6.8% in 2016, driven partly by sales to four new insurance companies as well as a solid growth in the recurring license base.

In 2016, EBITDA before special items grew with 43.0% primarily because of higher license sales, improved result from the Professional Service business and better control of COGS and external expenses.

While the overall profitability of the company has improved, the cost and cash flow continue to be impacted by significant investments in R&D to continuously improve TIA core and add-on functionalities, supporting TIA’s ambition to provide market leading insurance software solutions. To ensure a successful roll-out of TIA core, TIA has during 2016 also invested in improving its go-to-market capabilities.
Furthermore, there was negative impact from certain one-off items.

Strategy and objectives
Special risks
TIA has no significant exposure to business risks other than what is normal for the industry and type of business.

Research and Development

For TIA R&D, the primary focus of the year was on developing and testing TIA version 7.5, which was successfully released in March 2017. In first half of 2016, time was also spent on maturing versions 7.3 and 7.4 as customers went live successfully.

In 2016, R&D costs before capitalisation amounted to DKK 52m.

Intellectual capital resources

During the year, the company continued to invest in expanding employee knowledge of both technology and insurance-related fields, to ensure best possible utilisation of the new technological opportunities that cater specifically to insurance market needs. There is an ongoing effort to ensure that staff has continuing professional development to a high level and is motivated, committed and involved in the execution of TIA Technology's strategy.

Corporate Social Responsibility

Corporate Social Responsibility is important for TIA and its stakeholders. The Group has formulated a Code of Conduct and certain policies approved by the Board of Directors, to secure that employees are committed to being socially responsible when they carry out their jobs. Although TIA Technology’s activities have limited impact on the environment, the company still focuses on improving where possible. For example, by having optimal facilities to support a virtual working environment, TIA is reducing the number of flights between offices in Denmark and Lithuania. TIA also encourages employees to exercise, offering training facilities and running events.

Key figures

	2016 IFRS TDKK	2015 IFRS TDKK	2014*) DK GAAP TDKK	2013*) DK GAAP TDKK	2012*) DK GAAP TDKK
5 years key figures					
Profit and loss accounts					
Net revenue	98.328	132.367	143.269	137.842	118.185
Gross profit	87.996	95.177	74.201	97.959	86.884
EBITDA before special items	20.826	14.563	46.563	57.959	45.848
Operating profit/loss before special items	(13.886)	(13.304)	21.950	57.959	45.845
Profit/loss before financial income and expenses	(22.586)	(33.921)	57.659	57.369	45.648
Net financials	(898)	(2.125)	(1.106)	(1.804)	399
Profit/loss for the period	(18.497)	(28.810)	4.968	29.721	18.894
Balance sheet					
Balance sheet total	114.041	125.319	140.507	157.895	127.689
Equity	(4.822)	(11.466)	17.329	42.361	22.640
Net interest-bearing debt	22.271	15.530	(4.667)	(41.345)	(23.669)
Investment in property, plant and equipment	510	659	190	238	119
Cash flows					
Operating activities	5.835	31.563	n/a	n/a	n/a
Investment activities	(25.964)	(35.672)	n/a	n/a	n/a
Financing activities	12.793	6.186	n/a	n/a	n/a
Empolyees					
Average number of employees	90	90	56	57	52
Key Ratios					
Revenue per employees	1.093	1.471	2.558	2.418	2.273
Gross margin (%)	89%	72%	52%	71%	74%
Profit margin (%)	-14%	-10%	15%	42%	39%
Return on equity (%)	n/a	n/a	17%	91%	122%
Financial gearing (%)	-4,6%	-1,4%	-0,3%	-1,0%	-1,0%

*) The company has implemented IFRS as per 1.1.2015. The comparative figures for 2012-2014 are stated under Danish GAAP and only comprise the parent company.

Special items includes restructuring cost and provision for certain settlement costs on customer projects.

The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (2015).

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of TIA Technology A/S for the financial year 1 January – 31 December 2016.

The Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

In our opinion, the Financial Statements and the consolidated Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and the Group of the results of the Company and Group operations and cash flows for the financial year 1 January – 31 December 2016.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Virum, 06.04.2017

Executive Management

Christian Kromann

Board of Directors

Vagn Ove Sørensen Chairman	Simon Philip Guy Lee
Jonas Martin Göran Persson	Jakob Holmen Kraglund
Jannik Kruse Petersen	Rikke Kjær Nielsen

Independent Auditor's Report

To the Shareholders of TIA Technology A/S.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of TIA Technology Group for the financial year 1 January - 31 December 2016, which comprise statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including a summary of significant accounting policies for both the Group and the Parent Company ("financial statements").

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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent 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 Group or the Parent 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it 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 financial statements.

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

· Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

· Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

· Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

Hellerup, 06.04.2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mikkel Sthyr
State Authorised Public Accountant

Henrik Aslund Pedersen
State Authorised Public Accountant

Statement of profit and loss

		Group		Parent	
	Note	2016 TDKK	2015 TDKK	2016 TDKK	2015 TDKK
Net revenue	3	98.328	132.367	98.328	132.367
Cost of goods sold		(10.332)	(37.190)	(10.332)	(37.190)
Gross profit		**87.996**	**95.177**	**87.996**	**95.177**
Other external expenses		(8.800)	(22.657)	(22.755)	(35.047)
Staff expense	4, 5, 6	(58.370)	(57.957)	(46.105)	(47.127)
EBITDA before special items		**20.826**	**14.563**	**19.136**	**13.003**
Depreciation, amortisation and impairment	7	(34.712)	(27.867)	(34.595)	(27.855)
Operating profit/loss before special items		**(13.886)**	**(13.304)**	**(15.459)**	**(14.852)**
Special items	8	(8.700)	(20.617)	(8.700)	(20.617)
Operating profit/loss after special items		**(22.586)**	**(33.921)**	**(24.159)**	**(35.469)**
Finance income	9	587	1.679	587	1.679
Finance expenses	10	(1.485)	(3.804)	(1.483)	(3.786)
Profit/loss before income tax		**(23.484)**	**(36.046)**	**(25.055)**	**(37.576)**
Income tax expenses	11	4.987	7.236	5.273	7.544
Profit/loss for the period		**(18.497)**	**(28.810)**	**(19.782)**	**(30.032)**

Statement of comprehensive income

		Group		Parent	
		2016	2015	2016	2015
	Notes	TDKK	TDKK	TDKK	TDKK
Profit for the period		(18.497)	(28.810)	(19.782)	(30.032)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of subsidaries (net)		(11)	(5)	0	0
Fair value adjustments of financial assets available for sale		152	0	152	0
Income tax relating to these items	11	0	0	0	0
Other comprehensive income for the period, net of tax		**141**	**(5)**	**152**	**0**
Total comprehensive income for the period		**(18.356)**	**(28.815)**	**(19.630)**	**(30.032)**

Balance sheet

		Group			Parent		
	Notes	2016 TDKK	2015 TDKK	As at 1 January 2015 TDKK	2016 TDKK	2015 TDKK	As at 1 January 2015 TDKK
Completed development projects		46.779	63.481	55.592	46.779	63.481	55.592
Software		382	1.612	2.450	382	1.612	2.450
Development projects in progress		17.165	8.476	7.112	17.165	8.476	7.112
Intangible assets	12	**64.326**	**73.569**	**65.154**	**64.326**	**73.569**	**65.154**
Other fixtures and fittings, tools and equipment		979	806	335	495	202	326
Leasehold improvements		61	6	23	61	6	23
Tangible assets	13	**1.040**	**812**	**358**	**556**	**208**	**349**
Investments in subsidiaries	14	0	0	0	1.463	1.463	1.463
Available-for-sale financial assets		1.813	1.883	0	1.813	1.883	0
Deposits		1.033	769	1.833	772	769	1.833
Financial assets		**2.846**	**2.652**	**1.833**	**4.048**	**4.115**	**3.296**
Total non-current assets		**68.212**	**77.033**	**67.345**	**68.930**	**77.892**	**68.799**
Trade receivables	16	14.553	21.642	54.511	14.553	21.642	54.382
Reveivables from related parties		19.574	6.435	0	19.574	6.435	0
Other receivables		3.313	4.093	8.800	2.958	3.706	8.643
Income tax receivable	15	5.500	5.875	0	5.500	5.875	0
Prepayments		647	663	1.477	425	578	1.188
Receivables		**43.587**	**38.708**	**64.788**	**43.010**	**38.236**	**64.213**
Cash		**2.242**	**9.578**	**7.501**	**1.785**	**7.973**	**6.729**
Total current assets		**45.829**	**48.286**	**72.289**	**44.795**	**46.209**	**70.942**
Total assets		**114.041**	**125.319**	**139.634**	**113.725**	**124.101**	**139.741**

Balance sheet

		Group			Parent		
	Notes	2016 TDKK	2015 TDKK	As at 1 January 2015 TDKK	2016 TDKK	2015 TDKK	As at 1 January 2015 TDKK
Share capital		1.000	500	500	1.000	500	500
Reserve for available-for-sale		152	0	0	152	0	0
Reserve for development cost		0	0	0	18.946	0	0
Reserve for foreign currency translation		(16)	(5)	0	0	0	0
Retained earnings		(5.958)	(11.961)	16.849	(28.199)	(13.971)	16.061
Total equity	19	**(4.822)**	**(11.466)**	**17.349**	**(8.101)**	**(13.471)**	**16.561**
Other payables		1.103	2.630		1.102	2.630	
Deferred tax liabilities	15	9.178	9.045	11.239	9.178	9.045	11.239
Total non-current liabilities		**10.281**	**11.675**	**11.239**	**10.280**	**11.675**	**11.239**
Credit institutions	20	23.410	22.478	5.737	23.410	22.478	5.737
Trade payables		3.750	5.150	5.810	3.240	5.084	5.467
Payables to related parties		0	0	0	5.630	2.904	2.063
Current income tax liabilities		68	167	2.499	0	0	2.319
Other payables		19.664	29.757	33.126	17.598	27.873	32.481
Deferred revenue		61.690	67.558	63.874	61.668	67.558	63.874
Total current liabilities		**108.582**	**125.110**	**111.046**	**111.546**	**125.897**	**111.941**
Total liabilities		**118.863**	**136.785**	**122.285**	**121.826**	**137.572**	**123.180**
Total equity and liabilities		**114.041**	**125.319**	**139.634**	**113.725**	**124.101**	**139.741**

Statement of changes in equity

Group

	Share capital	Reserve available-for-sale	Reserve for foreign currency translation	Retained earnings	Total
	TDKK	**TDKK**	**TDKK**	**TDKK**	**TDKK**
Equity at 01.01.2015	500			16.849	17.349
Profit for the period	0	0	0	(28.810)	(28.810)
Foreign currency translation	0	0	(5)	0	(5)
Total comprehensive income for the period	500	0	(5)	(11.961)	(11.466)
Equity at 31.12.2015	**500**	**0**	**(5)**	**(11.961)**	**(11.466)**
Profit for the period	0	0	0	(18.497)	(18.497)
Exchange differences regarding subsidiaries in another currency	0	0	(11)	0	(11)
Fair value adjustments of financial assets available for sale	0	152	0	0	152
Total comprehensive income for the period	500	152	(16)	(30.458)	(29.822)
Transactions with owners in their capacity as owners					
Capital increase	500	0	0	24.500	25.000
Equity at 31.12.2016	**1.000**	**152**	**(16)**	**(5.958)**	**(4.822)**

Statement of changes in equity

Parent

	Share capital	Reserve available-for-sale	Reserve for develop-ment cost	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 01.01.2015	500	0	0	16.061	16.561
Profit for the period	0	0	0	(30.032)	(30.032)
Total comprehensive income for the period	500	0	0	(13.971)	(13.471)
Equity at 31.12.2015	**500**	**0**	**0**	**(13.971)**	**(13.471)**
Profit for the period	0	0	0	(19.782)	(19.782)
Fair value adjustments of financial assets available for sale	0	152	0	0	152
Total comprehensive income for the period	500	152		(33.753)	(33.101)
Transactions with owners in their capacity as owners					
Development cost	0	0	18.946	(18.946)	0
Capital increase	500	0	0	24.500	25.000
Equity at 31.12.2016	**1.000**	**152**	**18.946**	**(28.199)**	**(8.101)**

Cash flow statement

		Group		Parent	
		2016	**2015**	**2016**	**2015**
	Notes	**TDKK**	**TDKK**	**TDKK**	**TDKK**
Profit/loss for the period		(18.497)	(28.810)	(19.782)	(30.032)
Non-cash items	23	30.623	22.756	30.218	22.418
Change in working capital	23	(11.003)	40.675	(11.547)	39.610
Cash flows from operating activities before financial income and expenses		1.123	34.621	(1.111)	31.996
Financial income		584	1.533	587	1.679
Financial expenses		(1.485)	(1.567)	(1.260)	(1.549)
Cash flows from ordinary activities		**222**	**34.587**	**(1.784)**	**32.126**
Income taxes paid		5.613	(3.024)	5.780	(2.844)
Net cash flow from operating activities		**5.835**	**31.563**	**3.996**	**29.282**
Purchase of intangible assets		(25.190)	(36.077)	(25.190)	(36.077)
Purchase of property, plant and equipment		(510)	(659)	(510)	(52)
Sale of fixed asset investments etc.		0	1.064	0	1.064
Purchase of fixed asset investments etc.		(264)	0	(3)	0
Net cash flow from investing activities		**(25.964)**	**(35.672)**	**(25.703)**	**(35.065)**
Capital increase		25.000	0	25.000	0
Proceeds from credit institutions		932	16.741	932	16.741
Repayment of payables to group enterprises		(13.139)	(6.435)	(10.413)	(5.594)
Purchase of treasury shares		0	(4.120)	0	(4.120)
Cash flow from financing activities		**12.793**	**6.186**	**15.519**	**7.027**
Net cash flow for the year		(7.336)	2.077	(6.188)	1.244
Cash and cash equivalents, beginning of the year		9.578	7.501	7.973	6.729
Cash and cash equivalents, end of the year		**2.242**	**9.578**	**1.785**	**7.973**

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Notes

1. Accounting policies

The Annual Report for the period 1 January - 31 December 2016 comprise the consolidated financial statement of the parent company TIA Technology A/S and subsidiaries controlled by the parent company (the group) as well as separate financial statements for the parent company, TIA Technology A/S.

For all periods up to and including the year ended 31 December 2015, the Group prepared its financial statements in accordance with Danish generally accepted accounting practice. These financial statements for the year ended 31 December 2016 are the first the Group has prepared in accordance with IFRS.

First time adoption

The Annual Report is the first Annual Report that is presented in accordance with IFRS. The figures for 2015 and 2016 in the income statement and the balance sheet items as at 1 January 2015 were prepared according to IFRS.

The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards, concerning the transition from Danish GAAP to IFRS are provided in note 27.

The Annual Report for 2016 was discussed and approved by the Executive Management and the Board of Directors on 6 April 2017 and will be presented for approval at the subsequent Annual General Meeting.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Group has applied the following exemptions:

* IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries that occurred before 1 January 2015. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements. IFRS 1 also requires that the Local GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2015.

* Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2015.

* In separate financial statements for the parent company, subsidiariaries are measured at deemed cost at the previous GAAP carrying value.

Adoption of new and amended standards

The group has implemented all new standards and interpretations effective in the EU from 2016.

The IASB has issued a number of new or amended standards and interpretations effective for financial years beginning after 1 January 2017. Some of these have not yet been endorsed by the EU. Most relevant to the Group is the following:
- IFRS 9 "Financial Instruments" reducing the number of asset classes for financial assets to two: amortized cost and fair value. The standard incorporates new requirements for accounting for financial liabilities. The standard will be effective for financial years beginning on or after 1 January 2018. The group is assessing the impact of IFRS 9.
- IFRS 15 “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The group is assessing the impact of IFRS 15.
- IFRS 16 "Leasing" was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The group is assessing the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that is expected to have a material impact on the Group.

Basis of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

On consolidation, elimination is made of intra-group income and costs, shareholdings, intra-group balances and dividend and realized and unrealized profits or losses on transactions between the consolidated companies.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment if indications of impairment exists.

Foreign currency translation

Functional and presentation currency

Items in the financial statements of each of the reporting companies of the Group are measured in the currency of the primary economic environment in which the company operates (the functional currency).

The functional currency of the Parent company, TIA Technology A/S is DKK.

The financial statements are presented in Danish kroner (DKK). The financial statements have been rounded to the nearest thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) Income and expenses for each income statement are translated at average exchange rates; and
c) All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:
- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Revenue

Revenue consists of initial license fees, recurring license fees and consulting services. IniTIAl license fee revenue is generally recognised when the software is delivered. Recurring license fee revenue is recognised on a straight line basis over the license period, which is typically renewed once a year. Consulting service revenue is recognised as services are performed.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade allowances, rebates and amounts collected on behalf of third parties.

Deferred revenue

Prepaid license fees are recognised as deferred revenue until the criterias and conditions for revenue recognition in relevant agreements are met.

Cost of goods sold

Cost of goods sold comprises external consulting fees, travel expense and 3rd party licence fee.

Other external expenses

Other external expenses comprise expenses for consulting fees not charged to customers, travel expenses not charged to customers, distribution, sale, marketing, administration premises, bad debts and office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment

Amortisation, depreciation and impairment comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and non-realised capital gains/losses on transactions in foreign currency, amortisation of financial assets and liabilities etc.

Income tax and deferred tax

The company is jointly taxed with the parent company Thor Denmark Holding ApS and the Danish subsidiaries. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income (full absorption including reimbursement of tax deficits). The jointly taxed companies are taxed under the Danish tax payment scheme. Additions, deductions and allowances are recognised under financial income or financial costs.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the iniTIAl recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets

Software

Separately acquired software is measured at historical cost and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of software over its estimated useful lives of 3 years.

Development projects

Development projects regarding the entity's own developed software are measured at cost less accumulated amortisation and impairment losses.

Development projects on clearly defined and identifiable products and processes, for which the technical rate utilisation, adequate resources and a potenTIAl future market or development opportunity in the enterprise can be established, and where the intention is to develop, market or apply the product or procss in question, are recognised as intangible assets.

Research expenditure and development expenditure that do not meet the criteria in above are recognised as an expense in the income statement as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The cost of development projects comprise costs such as salaries and benefits that are directly attributable to the development projects.

Amortisation is calculated using the straight-line method to allocate the cost of development projects over their estimated useful lives of 3 years.

The amortisation begins when the development project is at a stage where its commercial potenTIAls can be utilized in the manner intended by Management.

Impairment of non-financial assets
Intangible assets that have an indefinite useful life (Goodwill) and intangible assets not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Tangible assets
Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost comprise the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line baisis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment: 3 years
Leasehold improvements: 3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses arising from disposal of tangible assets are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Gains and losses are recognized in the profit and loss account as other operating income or other operating costs.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified.

Financial assets

Investments in subsidiaries

Investments in subsidiaries are measured at cost. If there is any indication of impairment, investments are tested for impairment as described in the accounting policies applied by the Group. If the cost exceeds the recoverable amount, the investment is written down to this lower value.

Dividends from investments in subsidiaries are recognised as income in the Parent's income statement under financial income in the financial year in which the dividends are declared.

Available-for-sale financial assets

Available-for-sale financial assets (AFS) include equity securities in the parent company, Thor Denmark Holding ApS.

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, at which time, the cumulative loss is reclassified to the statement of profit or loss in finance costs and removed from the AFS reserve.

AFS is derecognised when the group has transferred its rights to receive cash flows from the asset to a third party.

Other financial assets comprise deposits.

Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Receivables

Receivables are initially recognised at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortised cost, which usually corresponds to the nominal value. Write-down is made to net realisable value to provide for expected losses.

Prepayments

Prepayments comprise various prepaid expenses such as rent and insurance. Prepayments are measured at cost.

Equity

Reserve available-for-sale

The reserve for available-for-sale consists of shares in the parent company, Thor Denmark Holding ApS.

Reserve for development cost

The reserve for development costs consists of capitalised development costs less amortisations and impairment loss.

Reserve for foreign currency translation

The reserve for exchange adjustments consists of exchange rate differences that occur when translating the foreign subsidiaries financial statements from their functional currency into the the Group’s presentation currency. On disposal of the net investment, the reserve for exchange adjustments of that foreign subsidiary is recognised in the income statement. Reduction of a net investment in a foreign operation which does not result in loss of control is not treated as a disposal.

Dividend distribution

Dividends are recognised as a liability in the period in which they are adopted at the Annual General Meeting.

Credit institutions

Borrowings from credit institutions are initially recognised at fair value, net of transaction expenses incurred. Borrowings from credit institutions are subsequently measured at amortised cost. Any differences between the proceeds and the redemption value are recognised in the income statement over the period of the borrowings using the effective interest method.

Other liabilities

Other debt or liabilities covering trade creditors and other debt are recognized at amortized cost, which is usually equivalent to the nominal value.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group has not designated derivaties as hedging instruments. Changes in fair value are recignised in profil and loss under financial items.

Share-based payment

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (shares) of the group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed as a staff expense is determined by reference to difference between the fair value of the shares granted and the purchase price of the shares.

Statement of cash flow
The cash flow statement shows the Group's and the parent company's cash flows during the year distributed on operating, investing and financing activities, changes in cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are calculated using the indirect method and as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise "Cash at bank and in hand".

Consolidated Key Figures
The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (2015).

* Gross margin is calculated as the gross profit divided by revenue.
* Profit margin is calculated as operation profit before special items divided by revenue.
* Return on equity is calculated as net profit or loss for the year diveded by the average equity.
* Financial gearing is calculated as net interest less bearing debt divided by equity.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

2. Critical accounting estimates and judgements

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

The Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

Development projects

For development projects in progress an impairment test is performed annually. The impairment test is performed on the basis of various factors, including future expected use of the outcome of the project, the fair value of the estimated future earnings or savings, interest rates and risks.

For development projects in progress, Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition.
The development projects are evaluated on technical as well as commercial criteria.

Notes

	Group		Parent	
	2016	**2015**	**2016**	**2015**
	TDKK	**TDKK**	**TDKK**	**TDKK**

3. Net revenue

Royalties / license	83.846	78.480	83.846	78.480
Sale of services	14.482	53.887	14.482	53.887
	98.328	**132.367**	**98.328**	**132.367**

4. Staff expenses

Wages and salaries	53.079	52.170	40.814	41.340
Pensions, defined contribution plans	4.946	5.402	4.946	5.402
Other staff costs	345	385	345	385
	58.370	**57.957**	**46.105**	**47.127**
Average number of full time employees	90	90	52	56

Key Management Compensation

Key Management includes Board of Directors and Executive Management and the extended Executive Leadership in TIA, in total six persons by end 2016. The compensation paid or payables to key management for employee services is shown below:

Wages and salaries	13.040	9.584	13.040	9.584
Pensions, defined contribution plans	1.219	1.377	1.219	1.377
Other long-term benefits	0	0	0	0
Termination benefits	1.225	936	1.225	936
Share based payments (Note 5)	0	0	0	0
	15.484	**11.897**	**15.484**	**11.897**
Compensation to the Board of Directors and Executive Management				
Compensation to the Board of Directors	646	677	646	677
Compensation to the Executive Management	7.805	5.513	7.805	5.513
	8.451	**6.190**	**8.451**	**6.190**

5. Share based payments

Employee share scheme

A share based payment scheme under which shares may be issued by the parent company, Thor Denmark Holding ApS, to employees in TIA for a cash consideration of DKK 0-1 or a cash consideration of fair value of the shares has been approved by shareholders of Thor Denmark Holding ApS at 30 December 2016. The scheme is available to executive management and certain key employees.

Both types of share issues are subject to leaver provisions and are therefore recognised over four years from grant date and treated as equity settled share based payments in TIA.

	2016		
	Number	**Fair value**	**Purchase price**
		DKK	**DKK**
Preference shares granted at fair value	175.017	27,81	27,81
Preference shares granted at DKK 0-1	37.488	27,81	0-1
Ordinary shares granted at DKK 0-1	160.665	1,00	0-1

Shares issued under the scheme may not be sold until the earlier of four years after issue or cessation of employment by the Group. In all other respects the shares rank equally with other fully-paid preference and ordinary shares on issue, see note 19.

The grant date fair value of the scheme amounts to TDKK 1.005 and is expensed from 30 December 2016 until 30 December 2020.

The fair value of the shares has been based on a valuation of the company, see note 18.

	Group		Parent	
	2016	**2015**	**2016**	**2015**
	TDKK	**TDKK**	**TDKK**	**TDKK**

6. Research and development

Costs for development of new projects, which do not fulfil the requirements for recognition in the balance sheet are expensed immediately in the income statement:

	Group 2016 TDKK	Group 2015 TDKK	Parent 2016 TDKK	Parent 2015 TDKK
Staff expenses	14.392	29.636	6.685	14.267
	14.392	**29.636**	**6.685**	**14.267**

	Group		Parent	
	2016	**2015**	**2016**	**2015**
	TDKK	**TDKK**	**TDKK**	**TDKK**

7. Amortisation, depreciation and impairment losses

Amortisation of intangible assets	34.433	27.662	34.433	27.662
Depreciation of tangible assets	279	205	162	193
	34.712	**27.867**	**34.595**	**27.855**

8. Special items

Restructuring costs	1.200	2.786	1.200	2.786
Settlement of customer agreements	7.500	17.831	7.500	17.831
	8.700	**20.617**	**8.700**	**20.617**

9. Financial income

Interest income, banks	1	2	0	2
Exchange rate adjustments	320	1.676	587	1.676
Other interest income	266	1	0	1
	587	**1.679**	**587**	**1.679**

10. Financial expenses

Interest expenses, bank borrowings	317	129	317	129
Exchange rate adjustments	1.054	1.231	1.054	1.231
Available for sale-assets	0	2.237	0	2.237
Other financial expenses, including bank fees	114	207	112	189
	1.485	**3.804**	**1.483**	**3.786**

11. Tax on profit for the year

	Group		Parent	
	2016	**2015**	**2016**	**2015**
	TDKK	**TDKK**	**TDKK**	**TDKK**
Current tax:				
Current tax on profits for the year	5.214	5.567	5.500	5.875
Foreign withholding tax	(95)	(525)	(95)	(525)
Total current tax income	5.119	5.042	5.405	5.350
Deferred tax:				
Changes in deferred tax	(132)	2.194	(132)	2.194
Total deferred tax	**(132)**	**2.194**	**(132)**	**2.194**
Income tax for the period	**4.987**	**7.236**	**5.273**	**7.544**
Income tax is specified as follows:				
Calculated 22.0% tax on profit for the year before income tax	5.166	7.930	5.512	8.266
Tax effects of:				
Higher/lower tax rate in subsidiaries	60	28	0	0
Foreign withholding tax	(95)	(525)	(95)	(525)
Non-deductable expenses	(175)	(510)	(175)	(510)
Adjustments in respect of prior years	0	(118)	0	(118)
Other	31	431	31	431
	4.987	**7.236**	**5.273**	**7.544**
Effective tax rate	21,2%	20,1%	21,0%	20,1%

12. Intangible assets

Group

	Com-pleted developm ent projects TDKK	Software TDKK	Develop-ment projects in progress TDKK	Total TDKK
Cost:				
At 01.01.2015	119.891	4.353	7.112	131.356
Additions during the year	24.255	416	11.406	36.077
Reclassifications	10.042	0	(10.042)	0
At 31.12.2015	154.188	4.769	8.476	167.433
Amortisation and impairment:				
At 01.01.2015	64.299	1.903	0	66.202
Amortisation charge	26.408	1.254	0	27.662
At 31.12.2015	90.707	3.157	0	93.864
Carrying amount 31.12.2015	**63.481**	**1.612**	**8.476**	**73.569**
Cost:				
At 01.01.2016	154.188	4.769	8.476	167.433
Additions during the year	0	0	25.190	25.190
Reclassifications	16.501	0	(16.501)	0
At 31.12.2016	170.689	4.769	17.165	192.623
Amortisation and impairment:				
At 01.01.2016	90.707	3.157	0	93.864
Amortisation charge	33.203	1.230	0	34.433
At 31.12.2016	123.910	4.387	0	128.297
Carrying amount 31.12.2016	**46.779**	**382**	**17.165**	**64.326**

Parent

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Carrying amount 31.12.2016	**46.779**	**382**	**17.165**	**64.326**

Impairment test for capitalized development projects in progress

TIA tests whether capitalised development projects in progress has suffered any impairment on an annual basis. The capitalised procjects are viewed as a whole, as the projects all relate to TIA core, and are not marketable as individual assets. The sum of the capitalised development projects is TDKK 17,165. The recoverable amount is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Market research estimates that the standard insurance software solutions market will continue to grow. The forecast period involves growth in revenue based on winning new customers, as well as selling to existing customers and growing in professional services.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The growth rate is set to match expected long-term inflation.

13. Property, plant and equipment

Group

	Other fixtures and fittings, tools and equip-ment	Lease-hold improvements	Total
	TDKK	**TDKK**	**TDKK**
Cost:			
At 01.01.2015	2.019	1.063	3.082
Additions during the year	659	0	659
At 31.12.2015	2.678	1.063	3.741
Amortisation and impairment:			
At 01.01.2015	1.684	1.040	2.724
Amortisation charge	188	17	205
At 31.12.2015	1.872	1.057	2.929
Carrying amount 31.12.2015	**806**	**6**	**812**

	TDKK	**TDKK**	**TDKK**
Cost:			
At 01.01.2016	2.678	1.063	3.741
Exchange differences	(2)	0	0
Additions during the year	444	66	510
At 31.12.2016	3.120	1.129	4.249
Amortisation and impairment:			
At 01.01.2016	1.872	1.057	2.929
Impairment charge	1		1
Amortisation charge	268	11	279
At 31.12.2016	2.141	1.068	3.209
Carrying amount 31.12.2016	**979**	**61**	**1.040**

Parent

	Other fixtures and fittings, tools and equip-ment	Leasehold improvem ents	Total
	TDKK	**TDKK**	**TDKK**
Cost:			
At 01.01.2015	2.010	1.063	3.073
Additions during the year	52	0	52
At 31.12.2015	2.062	1.063	3.125
Amortisation and impairment:			
At 01.01.2015	1.684	1.040	2.724
Amortisation charge	176	17	193
At 31.12.2015	1.860	1.057	2.917
Carrying amount 31.12.2015	**202**	**6**	**208**

	TDKK	**TDKK**	**TDKK**
Cost:			
At 01.01.2016	2.062	1.063	3.125
Additions during the year	444	66	510
At 31.12.2016	2.506	1.129	3.635
Amortisation and impairment:			
At 01.01.2016	1.860	1.057	2.917
Amortisation charge	151	11	162
At 31.12.2016	2.011	1.068	3.079
Carrying amount 31.12.2016	**495**	**61**	**556**

14. Investments in subsidiaries

	2016 TDKK	2015 TDKK
Parent		
Cost at 1 January	1.463	1.463
Cost at 31 December	1.463	1.463
Amortisation and impairment 31 December	0	0
Carrying amount 31 December	**1.463**	**1.463**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Vote and ownership
TIA Technology UK Ltd.	England	100%
TIA Technology UAB	Lithuania	100%

15. Deferred tax

	Group 2016 TDKK	Group 2015 TDKK	Parent 2016 TDKK	Parent 2015 TDKK
At 01.01.2016	(9.045)	(11.239)	(9.045)	(11.239)
Deferred tax reccognised in the income statement	(132)	2.194	(132)	2.194
At 31.12.2016	**(9.177)**	**(9.045)**	**(9.177)**	**(9.045)**
Deferred tax relates to:				
Intangible assets	(14.152)	(16.073)	(14.152)	(16.073)
Property, plant and equipment	45	63	45	63
Provisions	667	3.648	667	3.648
Tax loss carry-forwards	4.262	3.317	4.262	3.317
	(9.178)	**(9.045)**	**(9.178)**	**(9.045)**

	Group		Parent	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK

16. Trade receivables

Trade receivables and other receivables at 31.12.2016	14.553	24.391	14.553	24.391
Less provision for impairment of trade receivables	0	(2.749)	0	(2.749)
Trade receivables net	**14.553**	**21.642**	**14.553**	**21.642**

Movement on the Group provision for impairment of trade receivables are as follows:

Opening balances	2.749	0	2.749	0
Allowances during the year	0	2.749	0	2.749
Reversed allowances	(2.749)	0	(2.749)	0
At 31.12.2016	**0**	**2.749**	**0**	**2.749**

Allocation of overdue net receivables (not written off) by maturity period are as follows:

Up to 30 days	8.263	10.978	8.263	10.978
Between 31 and 90 days	758	2.007	758	2.007
Between 91 and 365 days	377	4.260	377	4.260
Overdue net receivables at 31.12.2016	**9.398**	**17.245**	**9.398**	**17.245**

17. Financial assets and liabilities

Carrying amount

Financial assets:

Loans and receivables:				
Trade receivables	14.553	21.642	14.553	21.642
Other receivables	3.313	4.093	2.958	3.706
Deposit	1.033	769	772	769
Cash and cash equivalents	2.242	9.578	1.785	7.973
Total Loans and receivables	21.141	36.082	20.068	34.090
Financial assets at fair value:				
Available for sale financial assets	1.813	1.883	1.813	1.883
Total Financial assets at fair value	1.813	1.883	1.813	1.883
Total	**22.954**	**37.965**	**21.881**	**35.973**

	Group		Parent	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
Financial liabilities:				
Financial liabilities at amortised cost:				
Borrowings	23.410	22.478	23.410	22.478
Trade payables	3.750	5.150	3.240	5.084
Other payables	20.767	32.387	18.700	30.503
Total Financial liabilities at amortised cost	47.927	60.015	45.350	58.065
Total	**47.927**	**60.015**	**45.350**	**58.065**

Fair values are approximately the same as the carrying amounts.

18. Fair values

Financial instruments measured at fair value can be divided into three levels:
Level 1 - Quoted prices in active markets for identical assets or liablilities
Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability
Level 3 - Inputs for the asset or liability that are not based on observable market data.

Fair value measurements at 31 December 2016

	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	TDKK	TDKK	TDKK	TDKK
Assets available-for-sale	0	0	1.813	0
As at 31 December 2016	0	0	1.813	0

The fair value of assets available-for-sale is determined using a valuation of the unlisted equity shares, see below.

Fair value meassurements using significant unobservable inputs (level 3):	**Unlisted equity securities**
	TDKK
At 01.01.2015	0
Additions	4.120
Gains/(Losses) regocnised in statement of profit and loss	(2.237)
At 31.12.2015	1.883
Disposals	(222)
Gains/(Losses) regocnised in other comprehensive income	152
At 31.12.2016	1.813

Fair value estimates of the company are measured using valuation techniques according to the guidelines of the "International Private Equity and Venture Capital" (IPEV) "Valuation guidelines.

In determining the valuation management utilises comparable trading multiples, determines appropriate public companies based on industry, size, development stage, revenue generation and strategy. Management then calculates a trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value (EV) with EBITDA or Sales. The trading multiple or the enterprise value is then adjusted for discounts/premium with regard to such considerations as illiquidity and other differences, advantages and disadvantages between the unlisted security and the comparable public compaines based in company specific facts and circumstances.

19. Share capital

The share capital is broken down as follows:

	Number of shares	Nominal value, TDKK
A-shares	1.000.000	1.000.000
B-shares		
Share capital at 31.12.2016		**1.000.000**

There are no special rights.

	TDKK
Changes in share capital:	
Share capital at 01.01.2016	500.000
Shares issued	500.000
Share capital at 31.12.2016	**1.000.000**

Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The management and board of directors monitor the share and capital structure to ensure that the group's capital resources support the strategic goals. Through a close dialogue with its main lender and with one majority shareholder, the Group has been able to decide on funding of strategic initiatives within a very short time frame.

During 2016 the Group had a equity injection of TDKK 25,000 in cash to support a number of strategic iniTIAtives, and an additional equity injection of TDKK 29,731 in cash was carried out early 2017 to fund part of the acquisition of Assurator.

20. Credit institutions

General description of the loan.

	Principal	Average nominal interest rate	Average effective rate of interest	Term	Carrying amount
Revolving credit facility	40.000	CIBOR +2%	2,000%	Loan in DKK	21.625

21. Related parties

The group is controlled by Thor Danmark Holding ApS, which owns 100 % of the shares. The Groups ultimate parent is Thor Holding S.à.r.l., 23, Rue Aldringen, L-1118 Luxembourg

The disclosure of “Key management compensation” is presented in note 4.

The following transactions were carried through with related parties:

	Group		Parent	
	2016	**2015**	**2016**	**2015**
	TDKK	**TDKK**	**TDKK**	**TDKK**
Transactions with Parent:				
Receivables from parent	19.574	6.435	19.574	6.435
Transactions with subsidiaries:				
Payable to subsidiaries			(5.630)	(2.904)

22. Commitments and contingent liabilities

Operating leases

The Group has entered into a lease on office premises.The lease is non-cancellable for 105 months. The Group has also entered into leases on company cars. The contracts are non-cancellable for 21 months.

Operating lease commitments:

Due within 1 year	3.320	3.268	3.320	3.268
Due between 1 and 5 years	6.260	7.772	6.260	7.772
Due after 5 years	6.378	8.987	6.378	8.987
	15.958	**20.027**	**15.958**	**20.027**
Expensed payments relating to operating leases	3.951	6.089	3.951	6.089

Lease commitments relate primarily to office, IT equipment and car rental.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

23. Cash flow statement

	Group		Parent	
	2016	**2015**	**2016**	**2015**
	TDKK	**TDKK**	**TDKK**	**TDKK**
Adjustments				
Financial income	(587)	(1.679)	(587)	(1.679)
Financial expenses	1.485	3.804	1.483	3.786
Depreciation, amortisation and impairment losses, including losses and gains on sales	34.712	27.867	34.595	27.855
Tax on profit/loss for the year	(4.987)	(7.236)	(5.273)	(7.544)
	30.623	**22.756**	**30.218**	**22.418**
Change in working capital				
Change in receivables	7.885	38.390	7.990	38.287
Change in trade payables, etc.	(18.888)	2.285	(19.537)	1.323
	(11.003)	**40.675**	**(11.547)**	**39.610**

Notes

24. Financial risk management

Financial risk factors

The Financial risks of the Group are managed centrally. The overall risk management guidelines and policies have been approved by the board of directors. Group finance identifies and evaluates in close co-operation with the Group’s operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Foreign exchange risk

The Group operates internationally and sales revenue is exposed to foreign exchange risk, primarily with respect to the NOK. Foreign exchange risk arises from recuring license sales denominated in local currency. Increases or decreases in the exchange rate of such foreign currencies against the functional currency, the DKK, can affect the Group’s results and cash position negatively or positively. The exchange risk is limited by the fact that license fees are paid annually in advance. Professional services are invoiced monthly with dynamic exchange rate conversion and are therefore generally not impacted materially by exchange rate fluctuations.

Management has set up a policy to manage the foreign exchange risk against the DKK. Foreign exchange risk arise when long-term license agreements are denominated in local currency using the exchange rate at the time of signing.

The Groups cost of goods sold and operating expenses are mainly incurred in DKK or EUR. The Group has transactions in other currencies, but the foreign exchange risks related to this are not considered material.

Interest rate risk

The Group's interest rate risk is limited and relate to a revolving credit facility that the Group has with it's main bank.

Credit risks

The Group has no material credit risk. Recurring license fees are paid in advance, and professional serices are paid monthly.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The maximum exposure corresponds to the carrying amount of receivables.

Liquidity risk

Cash flow forecasting is performed by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to avoid breach of borrowing limits or any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plansand compliance with internal balance sheet ratio targets.

The Group has undrawn borrowing facilities of DKK 17.5m that may be available for future operating activities and to settle capital commitments.

Notes

24. Financial risks (continued)

The table below analyses the group's non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	Less than 1 year TDKK	1-5 years TDKK	>5 years TDKK	Total TDKK
At 31.12.2015				
Credit institutions	317	21.931	0	22.248
Trade payables	5.150	0	0	5.158
Other payables	29.757	2.630	0	32.387
	35.224	**24.561**	**0**	**59.793**
At 31.12.2016				
Credit institutions	306	21.625	0	21.931
Trade payables	3.750	0	0	3.750
Other payables	19.664	1.103	0	20.767
	23.720	**22.728**	**0**	**46.448**

Parent	Less than 1 year TDKK	1-5 years TDKK	>5 years TDKK	Total TDKK
At 31.12.2015				
Credit institutions	317	21.931	0	22.248
Trade payables	5.084	0	0	5.084
Other payables	27.873	2.630	0	30.503
Intercompany	2.904	0	0	2.904
	36.178	**24.561**	**0**	**60.739**
At 31.12.2016				
Credit institutions	306	21.625	0	21.931
Trade payables	3.240	0	0	3.240
Other payables	17.598	1.102	0	18.700
Intercompany	5.630	0		5.630
	26.774	**22.727**	**0**	**49.501**

Notes

25. Events after the balance sheet date

In March 2017 the group has acquired the subsidiary Assurator, see note 26 for further description. TIA Technology A/S had an equity injection of TDKK 29,231 in cash at the same time.

No other events have occurred after the balance sheet date of importance to the Annual Report.

26. Business combinations after the balance sheet date

On 28 February 2017 the group acquired 100% of the share capital in the subsidiary Assurator ApS, a Danish implementation partner of TIA Technology A/S. Assurator provides IT consulting services to customers of TIA Technology A/S, and also develops insurance applications, incl. the solution SIPAS.

With this acquisition TIA Technology A/S significantly strengthens Professional Services, as well as best-practice guidance and tools and thereby builds a critical mass to support customers through projects, regardless of scope and scale.

Details of the purchase consideration are as follows:

	TDKK
Cash paid	25.000
Contingent consideration	20.000
Total consideration	45.000

The fair value of the contingent consideration has been estimated at TDKK 20,000 and is based on the fullfillment of certain financial targets and retention of employees. TDKK 5,000 of the contingent consideration will be settled with shares calculated as 'No of shares'= TDKK 5,000 / Share price per 30 June 2018. Management expects that the conditions will be fulfilled and has therefore estimated the fair value of the contingent consideration at TDKK 20,000.

The purchase price allocation has not been finalised due to the date of the acqusition. Therefore neither the value of goodwill or valuation of assets and liabilities taken over has been finalised.

Transaction costs of approximately TDKK 1,000 has been incurred.

27. First time adoption of IFRS

The group has adopted IFRS for its consolidated financial accounts with effect from 1 January 2015. The compartive figures for 2015 have been restated.

Reconciliation of equity as at 1 January 2015 (date of transition to IFRS)	**Parent TDKK**
Danish GAAP at 1.1.2015	17.328
1) Share in subsidiaries	(767)
IFRS at 1.1.2015	**16.561**

Reconciliation of equity as at 31 December 2015	
Danish GAAP at 31.12.2015	(9.229)
1) Shares in subsidiaries	(2.005)
2) Treasury shares in parent - impairment	(2.237)
IFRS at 31.12.2015	**(13.471)**

Reconciliation of total comprehensive income for the year ended 31 December 2015	
Danish GAAP for the period 1.1.2015 - 31.12.2015	(26.573)
1) Share of result in subsidiaries	(1.222)
2) Treasury shares	(2.237)
IFRS for the period 1.1.2015 - 31.12.2015	**(30.032)**

1) Difference regarding measurement of shares in subsidiaries, where the group has used equity method under Danish GAAP and are now using cost under IFRS.
2) Treasury shares in parent treated as available for sale financial assets according to IFRS and treasury shares under Danish GAAP.