Scalepoint Technologies Holding A/S

Aldersrogade 8, 2100 Copenhagen
Company reg. no 38 25 02 48

Annual report

1 January - 31 December 2018

The annual report has been submitted and approved by the general meeting on 29 May 2019

Peter Heering
Chairman of the meeting

The company	Scalepoint Technologies Holding A/S Aldersrogade 8 2100 Copenhagen
Company reg. no.	38 25 02 48
Financial year	1 January - 31 December
Board of Directors	Peter Heering, chairman Ulrik Trolle Niels Ulrik Mortensen Preben Damgaard Nielsen
Executive Management	Tue Høilund-Carlsen
Independent auditor	Grant Thornton, State Authorised Public Accountants Stockholmsgade 45 2100 Copenhagen
Consolidation	The entities below are included in the 2018 Group Financial Statements: - Scalepoint Technologies Denmark A/S, Denmark - Scalepoint Technologies Sweden AB, Sweden - Scalepoint Technologies Norway AS, Norway - Scalepoint Technologies Ltd., United Kingdom - Scalepoint Solutions Ltd. Ireland - Scalepoint Technologies Germany GmBH, Germany - Scalepoint B.V., Netherlands - Scalepoint Technologies Switzerland Sàrl, Switzerland - Scalepoint Technologies GmbH, Austria - Scalepoint Solutions S.L.U., Spain - Scalepoint Solutions SARL, France

Statement by the Board of Directors and the Executive Management on the annual report

The board of directors and the executive management have today considered and approved the annual report of Scalepoint Technologies Holding A/S for the financial year 1 January 2018 - 31 December 2018.

The consolidated financial statements and the parent financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the accounting policies applied are appropriate, thus ensuring that the consolidated financial statements and the financial statements provide a fair presentation of the group's and the parent company's assets, liabilities and financial position as at 31 December 2018 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 1 January 2018 - 31 December 2018.

We believe that the management's review contains a true and fair review of the development and performance of the group’s and the parent company’s business activities and financial position, the earnings for the year and the financial position of the parent company and the financial position as a whole of the entities comprised by the consolidated financial statements, together with a description of the principal risks and uncertainties that the group and the parent company faces.

The annual report is submitted for adoption by the general meeting.

Copenhagen, 29 May 2019

Executive Management

Tue Høilund-Carlsen

Board of Directors

Peter Heering Chairman	Ulrik Trolle	Niels Ulrik Mortensen

Preben Damgaard Nielsen

Principal activities of the Group
The principal activity of the Group and the parent company is the provision of innovative digital software and services to the insurance industry.

Development in activities and financial matters
The Group net profit for the year 2018 amounted to DKK 10.8 million. The Directors approved an annual dividend payment of DKK 6.1 million.

Expectations for the coming year
In 2019, the Group will continue to help Insurers help their customers (claimants). Main effort will be in Scandinavia and selected European markets. The Group is determined to be the best provider of digital and customer-centric automated claims processes and services, always with the aim of enabling Insurers to help their customers accurately, easily and quickly.

The Group strategy for 2019 includes accelerated investments into further innovative development of its EasyClaims and ClaimShop digital claims solutions.

Overall, the outlook for 2019 is positive. Management will be closely monitoring and tracking ongoing value creation of the company including key KPIs: solution performance, customer satisfaction, talent recruiting and retention, new contract wins, gross revenues and profits, EBITDA, ROIC, accelerated innovation and operational excellence.

Know-how resources
Know-how is a key resource for the Group and essential for achieving innovative and operational excellence. It is decisive that the Group recruit and retain highly educated and knowledgeable employees. The Group will therefore continue to make substantial investments in recruitment with the aim of adding knowledge and capabilities from new as well as with existing employees.

Business development
During 2018, the Group continued its revenue growth primarily driven by larger volumes of claims processed and better utilisation rates. Gross revenues grew from DKK 559 million (2017) to DKK 576 million, while gross profits grew from DKK 116 million (2017) to DKK 127 million.

The larger volumes of processed claims primarily is a result of improved functionality and features of the company’s digital claims solutions and new partnerships entered.

The Group's cost base (including other operating expenses, employee remuneration, etc.) increased from DKK 73.8 million (2017) to DKK 85.4 million.

Business risks
Management, in consultation with the Board of Directors, manage the Group’s financial risks. Monitoring and managing of the Group’s risks are elements included in management’s day-to-day tasks. The Group does not actively engage in the trading of financial assets and financial derivatives other than utilizing short term USD hedging contracts. The most apparent financial risks of the Group are described below.

Foreign currency risk
The Group is subject to currency risks on payables and receivables in foreign currency, and purchases of services in foreign currency. The Group's most material currency risk relates to purchase of foreign developer hours in USD for development of new software application system. The currency risk is hedged by USD forward contracts which are purchased on a quarterly basis. Hereafter the management considers the current currency risks limited.

Credit risk
Due to the nature of the business, credit risk is deemed minimal. The maximum credit risk relating to receivables corresponds to the carrying amount.

Liquidity risk
The Group liquidity risks covers the risk that the Group is not able to meet its liabilities as they fall due. The Group is not subject to material liquidity risks.

Interest rate risk
The Group is only exposed to interest rate risks in relation to managing surplus liquidity, as the Group does not have any financial loans.

Technology risk
The Group are through the nature of the business exposed to technology risk such as cyber-attacks, system disruptions and system failure. To minimize and moderate those risk the Group have implemented the recommendations from the international standard "Information technology - Security techniques - Code of practice for information security controls" - ISO 27002, and is documented in our annually ISAE-3402 and ISAE-3000 audit reports. Furthermore, a cyber risk insurance has been signed. The technology risk is thus deemed limited.

Environmental impact
The Group has taken several initiatives to reduce possible harmful environmental impacts. The Group are actively taking measures to dispose waste with a minimum of environmental impact. For an example, Daka ReFood collect all company food waste later used for fertilizing and the creation of biological gas. Furthermore, micro plastics are avoided when buying dish cloths. And among other initiatives, light sensors have been installed throughout all office toilets to minimize the use of electricity.

Events subsequent to the financial year
No events subsequent to the financial year which require disclore in these financial statements have occured.

To the shareholders of Scalepoint Technologies Holding A/S

Our opinion
In our opinion, the Consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2018 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the parent company's financial statements give a true and fair view of the parent company's financial position at 31 December 2018 and of the results of the parent company's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group and the parent company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Statement on Management's Review
Management is responsible for the 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 in the audit, or otherwise appears to be materially misstated. Moreover, we considered whether Management's Review includes the disclosures required by 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 Statements Act. We did not identify any material misstatement in the Management's Review.

Responsibilities for the financial statements and the audit
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 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 in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism 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 no 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 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 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 or the Parent Company to cease to continue as a going concern.

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

- 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 29 May 2019

Grant Thornton
State Authorised Public Accountants
CVR-No. 34 20 99 36

Michael Winther Rasmussen
State Authorised Public Accountant
MNE-no. 28708

Note		2018 DKK '000	2017 DKK '000
3	**Revenue**	**575.981**	**559.171**
	Cost of sales	(448.894)	(443.173)
	Gross profit	**127.087**	**115.998**
	Other operating expenses	(33.265)	(26.966)
4	Employee remuneration	(52.227)	(46.830)
	Profit before depreciation, amortisation and impairment	**41.595**	**42.202**
	Depreciation and amortisation of	(26.676)	(23.596)
	Operating profit (EBIT)	**14.919**	**18.606**
5	Financial income	545	519
6	Financial expenses	(1.724)	(2.007)
	Profit before tax	**13.740**	**17.118**
7	Tax on profit for the year	(2.934)	(3.836)
	Net profit for the year	**10.806**	**13.282**
	Other comprehensive income		
	USD forward contract - cashflow hedge	798	(370)
	Exchange differences on translating foreign operations	(499)	(997)
	Other comprehensive income	(193)	0
	Adjustments regarding prior year	(812)	0
	Adjustment of goodwill in relation to business combination	0	(650)
	Total comprehensive income	**10.100**	**11.265**
	Distribution of comprehensive income		
	Parent company's shareholders	10.100	11.265
	Total	**10.100**	**11.265**

Note		31-12-2018 DKK '000	31-12-2017 DKK '000
	ASSETS		
	Non-current assets		
8	Software	59.438	42.516
9	Property, plant and equipment	2.161	1.874
10	Other long-term receivables	819	810
7	Deferred tax asset	2.214	3.116
	Total non-current assets	**64.632**	**48.316**
	Current assets		
11	Trade receivables	65.958	77.733
11	Other receivables	5.748	6.245
11	Prepaid expenses	857	392
10	Other short term financial assets	428	0
12	Cash and cash equivalents	364.041	354.910
	Total current assets	**437.032**	**439.280**
	Total assets	**501.664**	**487.596**

Note		31-12-2018 DKK '000	31-12-2017 DKK '000
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	502	502
	Translation reserve	0	(997)
	Retained earnings	29.699	26.674
13	**Total equity**	**30.201**	**26.179**
	Current liabilities		
14	Payables to credit institutions	135	263
14	Trade payables	50.627	33.514
7	Current tax liabilities	694	594
15	Other liabilities	420.007	427.046
	Total current liabilities	**471.463**	**461.417**
	Total equity and liabilities	**501.664**	**487.596**

DKK '000	Share capital	Translation reserve	Retained earnings	**Total equity**
Statement of changes in equity 01-01-2018 - 31-12-2018				
Equity as at 01-01-2018	502	(997)	26.674	26.179
Adjustment of comprehensive income	0	997	(997)	0
Adjusted equity 01-01-2018	**502**	**0**	**25.677**	**26.179**
Net profit for the year	0	0	10.806	10.806
Other comprehensive income	0	0	(706)	(706)
Comprehensive income	**0**	**0**	**10.100**	**10.100**
Dividends	0	0	(6.078)	(6.078)
Transactions with owners	**0**	**0**	**(6.078)**	**(6.078)**
Equity as at 31-12-2018	**502**	**0**	**29.699**	**30.201**

DKK '000	Share capital	Translation reserve	Retained earnings	**Total equity**
Statement of changes in equity 01-01-2017 - 31-12-2017				
Equity as at 01-01-2017	500	0	24.465	24.965
Adjusted equity 01-01-2017	**500**	**0**	**24.465**	**24.965**
Net profit for the year	0	0	13.282	13.282
Other comprehensive income	0	(997)	(370)	(1.367)
Other adjustments	0	0	(650)	(650)
Comprehensive income	**0**	**(997)**	**12.262**	**11.265**
Capital increase	502	0	0	502
Cash capital reduction	(500)	0	0	(500)
Dividends	0	0	(10.053)	(10.053)
Transactions with owners	**2**	**0**	**(10.053)**	**(10.051)**
Equity as at 31-12-2017	**502**	**(997)**	**26.674**	**26.179**

	31-12-2018 DKK '000	31-12-2017 DKK '000
Profit before tax	13.740	17.118
Adjustment of non-cash transactions:		
Depreciation and amortisation	26.676	23.596
Financial income	(545)	(519)
Financial expenses	1.724	2.007
Change in working capital:		
Receivables	11.835	(21.932)
Trade payables	17.113	(9.876)
Prepaid expenses	(465)	(392)
Other liabilities	(7.039)	124.831
Other non-cash items	(1.175)	0
Net cash from operating activities before net financials	**61.864**	**134.833**
Financial income received	545	519
Financial expenses paid	(1.724)	(2.007)
Tax paid	(1.465)	(2.449)
Net cash from operating activities	**59.220**	**130.895**
Purchase of property, plant and equipment	(1.344)	(716)
Purchase of other intangible assets	(42.539)	(31.401)
Net cash used in investing activities	**(43.883)**	**(32.117)**
Paid dividend	(6.078)	(10.053)
Net cash used in financing activities	**(6.078)**	**(10.053)**
Total cash flows for the year	**9.259**	**88.724**
Cash beginning of the year	**354.647**	**0**
Cash flow from business combination	0	265.923
Cash end of year	**363.906**	**354.647**
Cash, end of year, comprises:		
Cash	364.041	354.910
Short-term payables to credit institutions	(135)	(263)
Total	**363.906**	**354.647**

1. Accounting policies

General information and statement of compliance with IFRS
Scalepoint Technologies Holding A/S, the Group’s parent company, is a limited company incorporated and domiciled in Denmark.

The consolidated financial statements of the Group and of the parent company have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and additional Danish disclosure requirements.

The financial statements have been prepared on the going concern basis and have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities including derivative financial instruments. The principal accounting policies set out below have been consistently applied to all periods presented.

Basis of consolidation
The Group financial statements consolidates the parent company and all of its subsidiaries as of 31 December 2018. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Business combinations
The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquirer's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

1. Accounting policies - continued

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in currency DKK, which is also the functional currency of the parent company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the DKK are translated into DKK upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into DKK at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into DKK at the closing rate. Income and expenses have been translated into DKK at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

PROFIT AND LOSS

Revenue

Revenue is measured at the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts. Revenue arises from rendering of services which comprises insurance claim handling on behalf of insurance companies. The claim handling is operated through the Group's own developed software application systems.

The revenue is based on fees from subscription agreements with insurance companies and services relating to replacement of goods. Revenue consists of fixed and variable fees based on the number of claims handled in the year. The revenue is recognised when delivery of the service have been provided.

As a part of the claim handling service to the insurance companies, the Group also provide service solutions for the insurance policyholder, i.e. by providing replacement goods or gift vouchers through a webshop. The replacement goods are delivered via an extensive network of suppliers, which the Group has built. The revenue from replacement goods and gift vouchers are recognised once delivery has taken place.

Costs of sales

Cost of sales are recognised in profit and loss upon delivery of the goods sold.

1. Accounting policies - continued

Operating expenses
Operating expenses are recognised in profit and loss upon utilisation of the service or as incurred.

Interest and dividends
Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

BALANCE SHEET

Other intangible assets
Recognition of software
Software is capitalised on the basis of the costs incurred to acquire and prepare the specific software for usage.

Subsequent measurement
Software is accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described. The following useful lives are applied:

- Software application systems: 2-5 years

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Property, Plant and Equipment
IT equipment and other equipment
IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. IT equipment and other equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of IT equipment and other equipment. The following useful lives are applied:

- IT equipment: 2-5 years
- Other equipment: 3-5 years.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

1. Accounting policies - continued

Leased assets

Operating leases

Where the Group is a leasee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Impairment testing of intangible assets and equipment

For the impairment assessment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment 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 or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at fair value through profit or loss (FVTPL)
- Held-to-maturity (HTM) investments
- Available-for-sale (AFS) financial assets

1. Accounting policies - continued

Financial instruments - continued
All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. The Group currently holds listed bonds designated to this category. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Classification and subsequent measurement of financial liabilities.
The Group's financial liabilities include trade payables and other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting
Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

For the reporting period under review, the Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to minimize currency exchange risk arising from certain legally binding purchase orders in respect of software in foreign currency.

1. Accounting policies - continued

Financial instruments - continued
All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Income taxes
Tax expense recognised in profit or loss comprises the sum of current tax and deferred tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

1. Accounting policies - continued

Income taxes - continued
Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income, or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Cash
Cash comprise cash on hand and demand deposits.

Equity, reserves and dividend payments
Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following:
- Translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into DKK
- Other reserve - comprises gains and losses relating to cash flow hedges

Retained earnings includes all current and prior period retained profits and share-based employee remuneration.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Short-term employee benefits
Short-term employee benefits
Short-term employee benefits, including holiday entitlement, are current liabilities measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Share-based employee remuneration
The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for cash settlement.

The fair values of employees' services rewarded under these plans are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based remuneration is recognised as an expense in profit or loss in the period that the service is rendered, with a corresponding credit to 'retained earnings'.

1. Accounting policies - continued

Provisions, contingent assets and contingent liabilities
Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan’s main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Significant management judgement in applying accounting policies and estimation uncertainty
When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. These are described below.

Significant management judgement
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements:

Impairment of software application systems
Assessing whether there are indications of impairment on capitalised software requires judgement. The management monitors whether there are indicators that the capitalised software may be impaired on an ongoing basis. If there are indications of impairments, an impairment test on the specific software is prepared.

Cash
The Group's cash consist of Scalepoint's own cash and indemnification accounts to cover granted claims to policy holders. Scalepoint have the full rights without any restrictions to dispose of cash on all bank accounts and thus in management's judgement all bank accounts are recognised as cash in the annual statements.

1. Accounting policies - continued

Significant management judgement - continued

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software application systems.

Fair value of derivative forward contracts

The Group's management base their estimation of fair value of derivative forward contracts on the basis of the reported fair value by the issuing bank on a marked to market basis.

2. Nature of operations

The principal activity of the Group and the parent company is the provision of Information Technology services to the insurance industry.

	2018 DKK '000	2017 DKK '000

3. Revenue

Rendering of services	575.981	559.171
Total	**575.981**	**559.171**
Scandinavia	547.250	535.451
Rest of world	28.731	23.720
Total	**575.981**	**559.171**

4. Employee remuneration

Wages and salaries	47.528	42.726
Social security costs and other personnel costs	4.699	4.104
Total	**52.227**	**46.830**
Average number of employees in the year	84	84

Remuneration of Directors and Executive Management

Remuneration	2.259	2.230
Company pension contributions	0	0
Total remuneration for Directors		**2.230**

No directors accrued benefits under the company pension schemes during the year.

Remuneration for Group key management employees:

Remuneration	7.155	5.162
Company pension contributions	0	0
Total remuneration for Group key management employees	**7.155**	**5.162**

4. Employee remuneration - continued

The Group has issued warrants to key employees. The warrants will be settled in equity.

Warrants and weighted average exercise prices are as follows for the reporting periods presented:

Amounts in DKK '000	Number of warrants	Weighted average excercise price DKK
Outstanding at 1 January 2018		
Granted	199	11.328
Exercised	0	0
Outstanding at 31 December 2018	**199**	**11.328**

	2018 DKK '000	2017 DKK '000
5. Financial income		
Interest income on assets measured at amortised cost	425	390
Foreign exchange gains	120	129
Total	**545**	**519**
6. Financial expenses		
Interest expenses on liabilities measured at cost	1.601	1.605
Foreign exchange losses	123	402
Total	**1.724**	**2.007**

	2018 DKK '000	2017 DKK '000
7. Tax		
Tax on profit for the year:		
Current tax	2.032	3.255
Change in deferred tax	902	581
Total	**2.934**	**3.836**
Reconciliation of effective tax rate:		
Profit before tax	13.740	17.118
Tax computed on the profit before tax at a tax rate of 22%	3.023	3.766
Permanent differences	84	70
Total - Effective tax rate, 22%	**3.107**	**3.836**
Total - effective tax rate in %	**22,6%**	**22,4%**
Deferred tax is made up as follows:		
Deferred taxes arising from temporary differences are summarised below:		
Intangible assets	1.923	2.807
Property, plant and equipment	189	162
Tax loss carry forwards	102	147
Total deferred tax	**2.214**	**3.116**
Which is categorised as follows:		
Non-current deferred tax assets	2.214	3.116
Total	**2.214**	**3.116**
Current tax liability		
Calculated tax charge for the year	2.159	3.252
Tax paid on account	(1.465)	(2.658)
Current tax liability, total	**694**	**594**

8. Software

Amounts in DKK '000	Software	Total
Financial year 2018		
Cost as at 01-01-2018	197.257	197.257
Additions during the year	42.539	42.539
Cost as at 31-12-2018	**239.796**	**239.796**
Amortisation and impairment losses as at 01-01-2018	154.741	154.741
Amortisation during the year	25.617	25.617
Amortisation and impairment losses as at 31-12-2018	**180.358**	**180.358**
Carrying amount as at 31-12-2018	**59.438**	**59.438**
Financial year 2017		
Cost as at 01-01-2017	165.856	165.856
Additions during the year	31.401	31.401
Cost as at 31-12-2017	**197.257**	**197.257**
Amortisation and impairment losses as at 01-01-2017	132.168	132.168
Amortisation during the year	22.573	22.573
Amortisation and impairment losses as at 31-12-2017	**154.741**	**154.741**
Carrying amount as at 31-12-2017	**42.516**	**42.516**

Impairment test on software
Software is impairment tested individually for internal purposes, even if there are no indications of impairment. The carrying amount of software is mDKK 59,4 at 31 December 2018. The recoverable amount of software relates to Scalepoint's product solutions. Based on value-in-use calculations no impairment was identified. Management has assessed that reasonably probable changes in the key assumptions will not lead to impairment.

9. Property, plant and equipment

Amounts in DKK '000	Other equipment	Total
Financial year 2018		
Costs as at 01-01-2018	13.992	13.992
Additions during the year	1.344	1.344
Costs as at 31-12-2018	**15.336**	**15.336**
Depreciation and impairment losses at 01-01-2018	12.118	12.118
Depreciation during the year	1.057	1.057
Depreciation and impairment losses at 31-12-2018	**13.175**	**13.175**
Carrying amount as at 31-12-2018	**2.161**	**2.161**
Financial year 2017		
Costs as at 01-01-2017	13.276	13.276
Additions during the year	716	716
Costs as at 31-12-2017	**13.992**	**13.992**
Depreciation and impairment losses at 01-01-2017	11.073	11.073
Depreciation during the year	1.045	1.045
Depreciation and impairment losses at 31-12-2017	**12.118**	**12.118**
Carrying amount as at 31-12-2017	**1.874**	**1.874**

10. Financial assets and liabilities

Note 1 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

31 December 2018

Amounts in DKK '000	Derivatives measured at fair value (carried at fair value)	Loans and other receivables (carried at amortised cost)	**Total**
Financial assets			
Other long-term receivables	0	819	819
Other long term financial assets	**0**	**819**	**819**
Trade and other receivables	0	72.563	72.563
Derivative financial instruments - cash flow hedge	428	0	428
Cash and cash equivalents	0	364.041	364.041
Other short term financial assets	**428**	**436.604**	**437.032**
Total financial assets	**428**	**437.423**	**437.851**

Amounts in DKK '000	Derivatives measured at fair value (carried at fair value)	Other liabilities (carried at amortised cost)	**Total**
Financial liabilities			
Current debt to credit institutions	0	135	135
Trade and other payables	0	471.328	471.328
Derivative financial instruments - cashflow hedge	0	0	0
Financial liabilities	**0**	**471.463**	**471.463**

10. Financial assets and liabilities - continued

31 December 2017

Amounts in DKK '000	Derivatives measured at fair value (carried at fair value)	Loans and other receivables (carried at amortised cost)	**Total**
Financial assets			
Other long-term receivables	0	810	810
Other long term financial assets	**0**	**810**	**810**
Trade and other receivables	0	84.370	84.370
Cash and cash equivalents	0	354.910	354.910
Other short term financial assets	**0**	**439.280**	**439.280**
Total financial assets	**0**	**440.090**	**440.090**

Amounts in DKK '000	Derivatives measured at fair value (carried at fair value)	Other liabilities (carried at amortised cost)	**Total**
Financial liabilities			
Current debt to credit institutions	0	263	263
Trade and other payables	0	461.154	461.154
Derivative financial instruments - cashflow hedge	370	0	370
Financial liabilities	**370**	**461.417**	**461.787**

All of the above listed financial assets and liabilities carrying values are approximate to their fair values due to their short term nature as at 31 December 2018 with exception of held for trading assets and derivative financial instruments which are carried at their fair values.

10. Financial assets and liabilities - continued

Derivative financial instruments

The Group's derivative financial instruments are measured at fair value and are summarised below:

	31-12-2018 DKK '000	31-12-2017 DKK '000
USD forward contracts - cash flow hedge	428	-370
Derivative financial assets / (liabilities)	**428**	**-370**

The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from purchases of application system software in US dollars.

All US dollar forward exchange contracts have been designated as hedging instruments in cashflow hedges in accordance with IAS 39.

The Group’s US dollar forward contracts relates to a 12 months forecasted cash flow. The transactions for which hedge accounting has been used are expected to occur.

Borrowings

Borrowings include the following financial liabilities:

	31-12-2018 DKK '000	31-12-2017 DKK '000
Current debt to credit institutions	135	263
Total carrying amounts	**135**	**263**

All borrowings are denominated in DKK. Estimated fair values are as follows:

		Fair value
Current debt to credit institutions	135	263
Total borrowings at fair value	**135**	**263**

		Carrying amount
Current debt to credit institutions	135	263
Total borrowings at carrying amounts	**135**	**263**

Borrowings consists of credit card debt that are repaid on a monthly basis. No interests incure if paid within terms. There are no pledged securities.

10. Financial assets and liabilities - continued

Financial instruments measured at fair value

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Levels 1 and 2 in the reporting period.

The hierarchy of the fair value measurement of the Group's financial assets and financial liabilities are as

Amounts in DKK '000	Note	Level 1	Level 2	Level 3	Total
31 December 2018					
Assets					
USD forward contracts - cash flow	A	0	428	0	428
Net fair value		**0**	**428**	**0**	**428**
Liabilities					
USD forward contracts - cash flow	A	0	0	0	0
Net fair value		**0**	**0**	**0**	**0**
31 December 2017					
Assets					
USD forward contracts - cash flow	A	0	0	0	0
Net fair value		**0**	**0**	**0**	**0**
Liabilities					
USD forward contracts - cash flow	A	0	370	0	370
Net fair value		**0**	**370**	**0**	**370**

10. Financial assets and liabilities - continued

Financial instruments measured at fair value - continued

Measurement at fair value
Fair values have been determined by reference to their quoted bid prices at the reporting date.

A) Foreign currency forward contracts

The Group's foreign currency forward contracts are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, eg market exchange and interest rates (i.e. on a marked to market basis) and are included in Level 2 of the fair value hierarchy.

Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- Trade and other receivables
- Cash and cash equivalents

	31-12-2018 DKK '000	31-12-2017 DKK '000

11. Trade and other receivables

Trade receivables, gross	66.068	77.831
Provision for losses	-110	-98
Financial assets	**65.958**	**77.733**
Prepayments	857	392
Other receivables	5.748	6.245
USD forward contracts - cash flow hedge	428	0
Non-financial assets	**7.033**	**6.637**

All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

5,4 million DKK of the total other receivables relates to amounts due from management relating to loans provided to purchase of shares in Scalepoint Technologies Holding A/S. The loans have an interest rate of 5 % and must be repaid in full no later than the 31 December 2026 or at the time of the borrower's resignation as an employee in Scalepoint Technologies Denmark A/S.

All of the Group's trade and other receivables have been reviewed for indications of impairment. No such indications was identified.

Due receivables not written down:

Overdue, less than 30 days	442	999
Overdue, more than 30 days	471	0
Total	**913**	**999**

12. Cash and cash equivalent

Cash	364.041	354.910
Total	**364.041**	**354.910**

13. Equity

Share capital
The company's share capital consists of 426.993 ordinary shares of 1 DKK and 74.928 B shares of 1 DKK. The shares are fully paid in. All shares are equally eligible to receive dividends and the repayment of capital and all ordinary shares represent on vote at the shareholders' meeting.

Share premium
Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium.

Translation reserve
Translation reserve represents the exchange differences from the translation of the financial statements of foreign operations into the Group's presentational currency.

Retained earnings
Retained earnings represent retained profits.

Capital management policies and procedures
The Group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders.

The Group monitors capital on the basis of the carrying amount of equity plus borrowings, less cash and cash equivalents as presented on the consolidated statement of financial position.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Dividend
Interim dividend of DKK 6.078.258 was paid in 2018.

	31-12-2018 DKK '000	31-12-2017 DKK '000
14. Trade payables		
Trade payables	50.627	33.514
Short term debt to credit institutions	135	263
Trade and other paybles - current	**50.762**	**33.777**

	31-12-2018 DKK '000	31-12-2017 DKK '000

15. Other liabilities

	31-12-2018 DKK '000	31-12-2017 DKK '000
Payables to policy holders	406.302	414.109
Holiday allowances	5.673	5.027
US dollar forward contracts - cashflow hedge	0	370
Other payables	8.032	7.540
Other current liabilities	**420.007**	**427.046**

Payables to policy holders comprises undisposed claim compensations to insurance policy holders.

16. Contingent liabilities

The Danish companies are taking part in a joint taxation with the majority shareholder HST Holding A/S and the ultimate majority shareholder CREP 1 ApS, which are both Danish limited companies. The Danish companies have joint and unlimited liability for the total income tax and any obligations related to withholding taxes regarding interest, royalties and dividends for these jointly taxed Danish entities. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income.

The liability at 31 December 2018 amounts to tDKK 812.

17. Capital commitments

At 31 December 2018, the Group had no capital commitments in place.

18. Operating lease commitments

The Group has operating leases in respect of office premises and cars. The leases are based on fixed lease payments, which are index-adjusted once every year.

	31-12-2018 DKK '000	31-12-2017 DKK '000
The total, future minimum lease payments are distributed as follows:		
Within 1 year	866	1.200
1-5 year(s)	111	45
After 5 years	0	0
Total	**977**	**1.245**
Operating lease payment recognised in the income statement amounts to	**1.361**	**1.454**

19. Financial risks and financial instruments

Risk management policy

Management, in consultation with the board of directors, manages the Group’s financial risks. The management of the Group's risks is included in management's day-to-day monitoring of the Group. The Group is exposed to a variety of financial risks, which result from its operating and investing activities. The Group does not actively engage in the trading of financial assets and financial derivatives other than the use of short term forward contracts which is used to hedge purchase of software in USD. The most significant financial risks to which the Group is exposed to are described below.

Credit risk

Due to the nature of the business and customers, credit risk is deemed minimal. The maximum credit risk relating to receivables corresponds to the carrying amount.

Interest rate risks

The Group is only exposed to interest rate risks in connection with surplus liquidity, as the Group does not have any financial loans.

Foreign currency risk

The Group is subject to currency risks on payables and receivables in foreign currency, and purchases of services in foreign currency. The Group’s most material currency risk relates to purchase of software in USD for application system software. The currency risk is hedged by USD forward contracts which are purchased on a quarterly basis. Hereafter the management considers the current currency risks limited.

Liquidity risk

The Group liquidity risks covers the risk that the Group is not able to meet its liabilities as they fall due. The Group is not subject to material liquidity risks.

The maturities of financial liabilities appear from the tables below. All amounts are contractual cash flows, i.e. inclusive of interest.

Amounts in DKK '000	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31 December 2018					
Payables to credit institutions	135	0	0	0	135
Trade payables	50.627	0	0	0	50.627
Tax liabilities	694	0	0	0	694
Other payables	420.007	0	0	0	420.007
Total	**471.463**	**0**	**0**	**0**	**471.463**

All financial liabilities as at 31 December 2018 are measured at amortised cost.

19. Financial risks and financial instruments - continued

Amounts in DKK '000	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31 December 2017					
Payables to credit institutions	263	0	0	0	263
Trade payables	33.514	0	0	0	33.514
Tax liabilities	594	0	0	0	594
Other payables	427.046	0	0	0	427.046
Total	**461.417**	**0**	**0**	**0**	**461.417**

All financial liabilities as at 31 December 2017 are measured at amortised cost.

20. Related parties

Ownership

HST Holding ApS, Copenhagen, Denmark, has control of Scalepoint Technologies Holding A/S, as the company holds the majority of the voting rights.

The ultimate controlling party is CREP 1 ApS, Gentofte, Denmark, which holds the majority of the votes in HST Holding ApS.

The following shareholders holds more than 5 % of the share capital or the voting rights:

- HST Holding ApS, Denmark, 62,8 %
- VC1943 ApS, Denmark, 10,3 %

Equity investments in other companies

Name	Registered office	Owner-ship interest
Subsidiaries		
Scalepoint Technologies Denmark A/S	Denmark	100%
Scalepoint Germany	Germany	100%
Scalepoint Technologies Norway A S	Norway	100%
Scalepoint Technologies Switzerland GmBH	Switzerland	100%
Scalepoint Solutions S.L.U.	Spain	100%
Scalepoint Austria	Austria	100%
Scalepoint Ireland	Ireland	100%
Scalepoint France*	France	100%
Scalepoint Netherlands	Netherlands	100%
Scalepoint Sweden	Sweden	100%

* Shares held indirectly through Scalepoint Solutions S.L.U.

20. Related parties - continued

Transactions with key Group management employees
Remuneration for the management is disclosed in note 4. Warrants in the parent company were issued to key management employees during the year as disclosed in note 4.

Transactions with other related parties
There were no transactions with other related parties.

21. Events occuring after the balance sheet date

There are no post balance date events that requires adjustments to the financial statements.

22. New accounting standards

IASB has published a number of new and revised accounting standards and interpretations, which are not mandatory for the preparation of the consolidated financial statements for 2018. Management has begun to assess the impact of IFRS 16 on leases, effective date 1 January 2019, on the future financial reporting. The other standards are not expected to have any substantial impact on the company.

Parent company's statement of comprehensive income

Note		2018 DKK '000	2017 DKK '000
	Other operating expenses	-253	-303
	Income from equity investments in group companies	20	2.915
	Operating profit	**-233**	**2.612**
4	Financial income	2	165
5	Financial expenses	-323	-211
	Loss before tax	**-554**	**2.566**
6	Tax on loss for the year	122	0
	Net loss for the year	**-432**	**2.566**

Distribution of comprehensive income

	2018 DKK '000	2017 DKK '000
Parent company's shareholders	-432	2.566
Total	**-432**	**2.566**

Note		31-12-2018 DKK '000	31-12-2017 DKK '000
	ASSETS		
7	Investments in subsidiaries	12.949	12.862
	Total non-current assets	**12.949**	**12.862**
	Current assets		
8	Receivables from group companies	191	66
8	Prepaid expenses	79	0
8	Cash and cash equivalents	2.080	8.424
	Total current assets	**2.350**	**8.490**
	Total assets	**15.299**	**21.352**
	EQUITY AND LIABILITIES		
	Share capital	502	502
	Share premium	0	0
	Retained earnings	8.461	14.971
	Total equity	**8.963**	**15.473**
8	Payables to group companies	5.873	5.413
8	Other liabilities	463	466
	Total equity and liabilities	**15.299**	**21.352**

DKK '000	Share capital	Share premium	Retained earnings	**Total equity**
Statement of changes in equity 01-01-2018 - 31-12-2018				
Equity as at 01-01-2018	502	0	14.971	15.473
Net profit for the year	0	0	(432)	(432)
Comprehensive income	**0**	**0**	**(432)**	**(432)**
Dividends	0	0	(6.078)	(6.078)
Transactions with owners	**0**	**0**	**(6.078)**	**(6.078)**
Equity as at 31-12-2018	**502**	**0**	**8.461**	**8.963**

DKK '000	Share capital	Share premium	Retained earnings	**Total equity**
Statement of changes in equity 01-01-2017 - 31-12-2017				
Equity as at 01-01-2017	500	0	(35)	465
Net profit for the year	0	0	2.566	2.566
Comprehensive income	**0**	**0**	**2.566**	**2.566**
Capital increase	502	22.493	0	22.995
Cash capital reduction	(500)	0	0	(500)
Dissolution of share premium	0	(22.493)	22.493	0
Dividends	0	0	(10.053)	(10.053)
Transactions with owners	**2**	**0**	**12.440**	**12.442**
Equity as at 31-12-2017	**502**	**0**	**14.971**	**15.473**

	31-12-2018 DKK '000	31-12-2017 DKK '000
Loss before tax	**-554**	**2.566**
Adjustment of non-cash transactions:		
Financial income	(2)	(165)
Financial expenses	323	211
Change in working capital:		
Receivables from group companies	(125)	(66)
Trade and other payables	(82)	431
Payables to group companies	460	5.413
Other non-cash items	(87)	(2.912)
Net cash from operating activities before net financials	**(67)**	**5.478**
Financial income received	2	0
Financial expenses paid	(323)	(211)
Tax receivable, joint taxation	122	0
Net cash from operating activities	**(266)**	**5.267**
Dividend from subsidiaries	0	12.710
Paid dividend	(6.078)	(10.053)
Net cash used in financing activities	**(6.078)**	**2.657**
Total cash flows for the year	**(6.344)**	**7.924**
Cash beginning of year	8.424	500
Cash end of year	**2.080**	**8.424**
Cash, end of year, comprises:		
Cash	2.080	8.424
Total	**2.080**	**8.424**

1. Accounting policies

General information and statement of compliance with IFRS
Scalepoint Technologies Holding A/S is a limited liability company domiciled in Denmark.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and additional Danish disclosure requirements.

Statement of comprehensive income
Other external expenses
Other external expenses comprise administrative expenses.

Income from equity investments in group companies
Income from equity investments in group companies comprise dividend received from group companies.

Balance sheet
Investment in subsidiaries
Investment in subsidiaries are measured at cost less writedowns.

Receivables from group companies
Receivables from group are measured at estimated fair value. All receivables from group companies are tested for indications of impairments.

Cash
Cash comprise cash on hand and demand deposits.

Liabilities
Other financial liabilities comprise trade payables. On initial recognition, other financial liabilities are measured at fair value less any transaction costs. Subsequently, the liabilities are measured at amortised cost.

Equity
Share capital represents the nominal value of shares that have been issued. Retained earnings comprises the company's retained earnings.

2. Significant accounting estimated and judgments
The management have not made any significant estimates or judgments when preparing these financial statements.

3. Nature of operations
The company's nature of operations is to act as parent company for the Scalepoint Group.

	2018 DKK '000	2017 DKK '000
4. Financial income		
Foreign exchange gains	2	165
Total	**2**	**165**

	2018 DKK '000	2017 DKK '000
5. Financial expenses		
Interest expenses on cash	39	39
Interest on intercompany liabilities	279	169
Other financial expenses	1	3
Foreing exchange loss	4	0
Total	**323**	**211**

	2018 DKK '000	2017 DKK '000
6. Tax		
Tax on profit for the year:		
Current tax	0	0
Value of tax loss used for joint taxation	122	0
Total	**122**	**0**
Reconciliation of effective tax rate:		
Result before tax	-554	2.566
Tax computed on the profit before tax at a tax rate of 22%	-122	0
Permanent differences	0	0
Effect of changed tax rate in Denmark	0	0
Total - effective tax	**-122**	**0**
Total - effective tax rate in %	**22,0%**	**0,0%**

	2018 DKK '000	2017 DKK '000
Current tax asset		
Calculated tax charge for the year	0	0
Tax paid on account	0	0
Receivable tax, from group enterprises, under joint taxation	122	0
Current tax asset, total	**122**	**0**

7. Investments in subsidiaries

Amounts in DKK '000	Investments	**Total**
Financial year 2018		
Cost as at 01-01-2018	25.572	25.572
Additions during the year	134	134
Disposals during the year	(47)	(47)
Cost as at 31-12-2018	**25.659**	**25.659**
Amortisation and impairment		
losses as at 01-01-2018	12.710	12.710
Writedowns from dividend	0	0
Amortisation and impairment losses as at 31-12-2018	**12.710**	**12.710**
Carrying amount as at 31-12-2018	**12.949**	**12.949**

Financial year 2017		
Cost as at 01-01-2017	0	0
Additions during the year	25.572	25.572
Cost as at 31-12-2017	**25.572**	**25.572**
Amortisation and impairment		
losses as at 01-01-2017	0	0
Writedowns from dividend	12.710	12.710
Amortisation and impairment losses as at 31-12-2017	**12.710**	**12.710**
Carrying amount as at 31-12-2017	**12.862**	**12.862**

8. Financial assets and liabilities

31 December 2018

Amounts in DKK '000	Other receivables amortised cost)	**Total**
Financial assets		
Receivables from group companies	191	191
Prepaid expenses	79	0
Cash	2.080	2.080
Financial assets	**2.350**	**2.271**

	Other liabilities amortised cost)	**Total**
Financial liabilities		
Liabilities to group companies	5.873	5.873
Trade and other payables	463	463
Financial liabilities	**6.336**	**6.336**

All of the above listed financial assets and liabilities' carrying values are approximate to their fair values due to their short term nature as at 31 December 2018.

31 December 2017

Amounts in DKK '000	Other receivables amortised cost)	**Total**
Financial assets		
Receivables from group companies	66	66
Cash	8.424	8.424
Financial assets	**8.490**	**8.490**

	Other liabilities amortised cost)	**Total**
Financial liabilities		
Liabilities to group companies	5.413	5.413
Trade and other payables	466	466
Financial liabilities	**5.879**	**5.879**

All of the above listed financial assets and liabilities' carrying values are approximate to their fair values due to their short term nature as at 31 December 2017.

9. Equity

Share capital
The company's share capital consists of 426.993 ordinare shares of 1 DKK and 74.928 B shares of 1 DKK. The shares are fully paid in. All shares are equally eligible to receive dividends and the repayment of capital and all ordinary shares represent on vote at the shareholders' meeting.

Share premium
Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium.

Retained earnings
Retained earnings represent retained profits or losses.

Capital management policies and procedures
The company's capital management objectives are to ensure its ability to continue as a going concern and

10. Contingencies

The company is taxed jointly with CREP 1 ApS and other companies in the CREP group and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

11. Financial risks

Risk management policy
Management, in consultation with the board of directors, manages the company's financial risks. The management of the company's risks is included in management's monitoring of the company. The company is not exposed to any significant financial risks.

Credit risk
Due to the nature of the business, credit risk is deemed minimal.

Interest rate risks
The company is only exposed to interest rate risks in connection with surplus liquidity, as the company does not have any financial loans.

12. Related parties

Ownership
HST Holding ApS, Copenhagen, Denmark, has control of Scalepoint Technologies Holding A/S, as the company holds the majority of the voting rights. The ultimate controlling party is CREP 1 ApS, Gentofte, Denmark, which holds the majority of the votes in HST Holding ApS.

The following shareholders holds more than 5 % of the share capital or the voting rights:

- HST Holding ApS, Denmark, 62,8 %
- VC1943 ApS, Denmark, 10,3 %

Transactions with other related parties
There were no transactions with other related parties.

13. Events occuring after the balance sheet date

There are no post balance date events that requires adjustments to the financial statements.

14. New accounting standards

IASB has published a number of new and revised accounting standards and interpretations, which are not mandatory for the preparation of the consolidated financial statements for 2018. Management has begun to assess the impact of IFRS 16 on leases, effective date 1 January 2019, on the future financial reporting. The other standards are not expected to have any substantial impact on the company.