List of Signatures

Årsrapport 2023 Scalepoint Technologies Holding.pdf

Name	Method	Signed at
Henrik Løbger	MitID	2024-04-08 15:44 GMT+02

List of Signatures

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Name	Method	Signed at
Thomas Hjortkjær Petersen	MitID	2024-03-25 08:31 GMT+01
Hans Otto Engkilde	MitID	2024-03-24 07:31 GMT+01
Lene Søe Weldum	MitID	2024-03-22 12:36 GMT+01
Tue Høilund-Carlsen	MitID	2024-03-22 12:03 GMT+01
Christian Ulrik Trolle	MitID	2024-03-22 11:26 GMT+01
Allan Lunde Pedersen	MitID	2024-03-27 11:52 GMT+01
	MitID	2024-03-27 09:44 GMT+01

Scalepoint Technologies Holding A/S

Aldersrogade 8, 2100 Copenhagen

CVR no. 38 25 02 48

Annual report 2023

Approved at the Company's annual general meeting on 8 April 2024

Chair of the meeting:

....
Henrik Løbger

Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Scalepoint Technologies Holding A/S for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 21 March 2024
Executive Board:

Tue Høilund-Carlsen
CEO

Board of Directors:

Peter Frederik Suhm Heering Chair	Christian Ulrik Trolle	Hans Otto Engkilde
Lene Søe Weldum		

Independent auditor's report

To the shareholders of Scalepoint Technologies Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Scalepoint Technologies Holding A/S for the financial year 1 January – 31 December 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Independent auditor's report

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 IFRS Accounting Standards as adopted by the EU and additional requirements of 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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- 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.

Copenhagen, 21 March 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Hjortkjær Petersen State Authorised Public Accountant mne33748	Allan Lunde Pedersen State Authorised Public Accountant mne34495

Management's review

Company details

Name	Scalepoint Technologies Holding A/S
Address, postal code, city	Aldersrogade 8, 2100 Copenhagen
CVR no.	38 25 02 48
Established	1 December 2016
Financial year	1 January – 31 December
Website	https://web.scalepoint.com/
Board of Directors	Peter Frederik Suhm Heering, chair Christian Ulrik Trolle Hans Otto Engkilde Lene Søe Weldum
Executive Board	Tue Høilund-Carlsen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, DK-2000 Frederiksberg
Consolidation	The entities below are included in the 2023 Consolidated Financial Statements:

- Scalepoint Technologies Denmark A/S, Denmark
- Scalepoint Technologies Sweden AB, Sweden
- Scalepoint Technologies Norway AS, Norway
- Scalepoint Technologies Ltd., United Kingdom
- Scalepoint Technologies Germany GmBH, Germany
- Scalepoint Technologies Switzerland GmBH, Switzerland
- Scalepoint Technologies GmbH, Austria
- Scalepoint Solutions S.L.U., Spain

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue [1)	202,980	173,421	156,012	141,164	139,410
EBITDA	67,754	22,589	39,782	33,235	43,158
Cash EBITDA [2)	37,253	9,237	3,523	-21,271	-10,698
Operating profit/loss (EBIT)	45,119	-7,799	-13,076	-10,815	11,398
Financial items, net	4,436	-1,928	-2,197	-1,195	-1520
Profit/loss for the year	45,186	-12,378	-11,566	-8,492	7,845
Balance sheet total	568,179	585,184	532,225	483,804	500,964
Investments in property, plant and equipment	970	659	766	18,180	3,323
Equity	47,428	2,286	14,559	26,123	34,593
Cash flows from operating activities	179,753	12,414	-38,980	22,862	29,747
Cash flows from investing activities	-28,540	-26,076	-34,472	-69,356	-54,581
Cash flows from financing activities	-1,562	-1,821	-1.780	14,826	-1,736
Total cash flows	149,651	-15,483	-75,232	-31,668	-26,570
Financial ratios					
Operating margin (EBIT margin) [1)	22%	-4%	-8%	-8%	8%
Return on equity	182%	-147%	-57%	-28%	-24%
Solvency ratio	8%	0%	3%	5%	7%
Average number of full-time employees	100	97	103	96	93

1) Due to prior year materiel misstatements related to revenue recognition, comparative figures for revenue and operating margin have been restated. Please refer to description in accounting principles.

2) Cash EBITDA: EBITDA less capitalized fixed assets and cash flow from lease liabilities. In 2022, the figure is exclusive of capital procurement costs of DKK 14.5 million.

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

Operating margin (EBIT margin) $$\frac{\text{Operating profit/loss (EBIT) x 100}}{\text{Revenue}}$$

Return on equity $$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Solvency ratio $$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, cosing balance}}$$

Management's review

Business Model

The principal activity of the Group is to offer digital solutions, which help insurance companies help their customers by processing and resolving notified claims. The Group's collective offering consists of three overall digital solutions delivered as SaaS:

- Scalepoint ClaimShop – settlement and web shop for content claims, including business services.
- Scalepoint HUB – comprehensive solution with ecosystem tailored to motor, property and health, connecting all parties in the damage repair process.
- Scalepoint CORE – a complete standard core claim system that is preconfigured with advanced functionality, rules engine and country layers.

Scalepoint ClaimShop is a valuation and settlement tool that enables a simple, fast and fully automated process for content claims while lowering the total claim costs for the insurance company. ClaimShop also includes a web shop where end-customers can choose between having their claim compensation paid out in cash, get damaged items repaired and/or repurchase goods with attractive discounts. The solutions include various business services to support delivery of goods through a web shop.

Scalepoint HUB is built as an extension to an existing claim system and handles repair of damage from A to Z. It connects all parties in the damage repair process via a portal and includes a comprehensive ecosystem tailored to motor, property and health, with built-in supplier management. The solution provides access to an established network of suppliers, including car repair shops, craftsmen and healthcare professionals. Automatic validation and price control are performed along the way.

Scalepoint CORE is a complete digital claims system that handles claims management from start to finish for all types of claims, supporting both external customer-facing and internal administrative processes. The solution is ready to use as it comes preconfigured with optimized functionality and country layers. CORE is delivered as a total SaaS solution, including software, operation and maintenance that meets compliance and data security requirements.

Recently, Scalepoint acquired the Policy System, INPAS, marking a significant milestone in our strategic expansion efforts. With this acquisition, Scalepoint aims to integrate our existing claims solution (CORE), with INPAS (future name: PolicyCORE), thereby offering a comprehensive insurance system, CORE, delivered as Software as a Service (SaaS). This consolidation not only enhances Scalepoint's product offering but also reinforces its commitment to providing end-to-end solutions tailored to the evolving needs of the insurance industry including lower IT cost, increased automation, shorter time-to-market and an outstanding end-customer experience.

Financial highlights

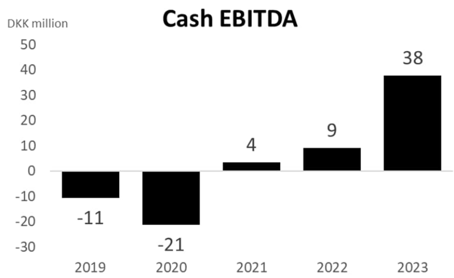
Development in activities and financial matters

The financial performance in 2023 is generally considered very satisfactory. The Group's financial performance has been turned around, and the financial position has been significantly bolstered as a result of the financial performance in 2023.

With a Net profit of DKK 45.2 million, Scalepoint lay distance to previous years' losses and bolster the equity to DKK 47.4 million. In parallel, Scalepoint has delivered a Cash EBITDA of DKK 37.3 million and bolstered the financial solidity correspondingly.

Management's review

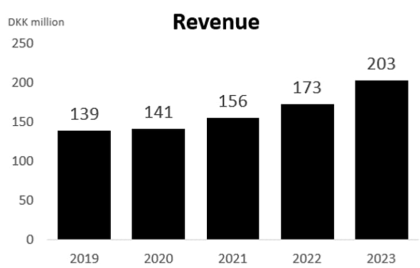
The financial turnaround of the Group has been achieved, which will benefit customers, shareholders, and employees. In 2022, we closed the capital raise project without raising capital, after having invested DKK 15 million in finding the right capital partner to enable for an ambitious internationalization of the product CORE. Further internationalization is still the natural journey for the Group. The products are rated in the top amongst other claims management solutions and the financial benefits of scaling are attractive.



The Cash EBITDA of 2023 marks a significant milestone in the financial turnaround of the Group. Excluding the cost of capital procurement in 2022, the illustration clearly shows, that previous years' poor financial performance has been replaced by a sustainable financial performance in line with the nature of the business.

Revenue

During 2023, the Group's revenue increased by 17.1% from DKK 173.4 million to DKK 203.0 million, which was higher than the anticipated 11.0% growth. The growth includes the effect from previous years' price adjustments to customers and the increased claims volume in 2023 affecting the variable revenue fee. In 2022, the Group handled approximately 830 thousand claims through the three main products, ClaimShop, HUB and CORE. In 2023, the total claims increased to 895 thousand representing a volume increase of 7.8%. The claims volume in 2023 is affected by the high level of weathering damages.



The price adjustments made during the last couple of years have been made to ensure that the existing business is financially sustainable and that all costs related to customer activities are included in the prices. Specifically, the price adjustments include pricing of the increasing need for security and compliance as well as the need for Scalepoint to retain and attract the high level of competencies and adequate capacity to maintain, improve and develop the Group's products, including the ability to deliver Professional Services to our customers.

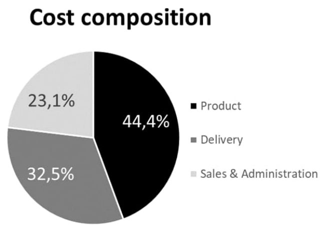
The Group provides additional services to the customers using the ClaimShop solution. One of the additional services is the provision of a web shop from where, the policyholder as a result of a settled claim can reacquire or make other purchases at discounted prices from the ClaimShop suppliers. For the Group, the web shop activities are provided without profit and the Group acts as agent in the transaction flow. The web shop revenue and costs are consequently not recognized as revenue. Previously, web shop sales were recognized as revenue, which has been changed in the annual report for 2023 and historical figures accordingly.

From 2019 to 2023, Scalepoint has achieved a GAGR (compounded annual growth rate) of 9.9%. To continue the growth rate, new sales combined with avoidance of customer churn are paramount. The Group is pursuing several new sales possibilities and focuses on delivering excellent customer experiences as well as ensuring that the Group's customer offerings are being rated in the top of claims management solutions.

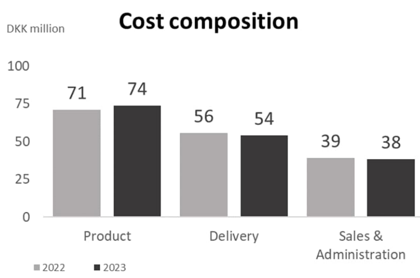
Management's review

Costs

The Group's total cost base included in Cash EBITDA was DKK 166.3 million in 2023 and DKK 166.1 million in 2022 exclusive of capital procurement cost of DKK 15 million.



The Group's activities are divided into three main activities. As illustrated to the right, the Product activities are where most costs are incurred (44.4%). Product activities include capitalized product investments, customer-financed product improvements and costs to maintenance, bug fixing, and minor improvements carried out on a continued basis. The overall purpose of product activities is to deliver stable excellent customer experiences and ensure that the products keep on being rated in the top of claims management solutions. In 2023, we experienced a minor increase in total spendings for the product activities.



Besides the product activities, the Group's second largest main activity consists of the activities delivered subsequently to the customer buying a product. Delivery (32.5%) includes IT operations and Risk and Compliance to ensure that the products are delivered in a stable and secure way. Delivery also includes the cost to Key Account Management enabling the Group to support and assist insurance companies in realizing business cases and optimizing value creation through better use of the products purchased. For customers using the ClaimShop product, the following further delivery services are included, Procurement services, Data management, Payment services, and Shop support to claimants. The overall purpose of delivery is to deliver stable excellent customer experiences. In 2023, we experienced a minor decrease in total spendings for the delivery services activities. The cost decrease has been achieved despite the increase in claims handled by the Group's three main products. The delivery cost per claim amounted to DKK 60.5 compared to DKK 67.2 in 2022. The increased efficiency is a result of implementing initiatives that streamline and digitalize delivery processes and the natural impact of scaling, where volume increase only results in marginal cost increase.

Sales & Administration (23.1%) includes Sales & Marketing, Finance, People & Culture, Facilities, Internal IT, and General Management. In 2023, we experienced a minor decrease in administrative costs. The cost decrease represents increased efficiency as a result of implementing initiatives that streamline and digitalize administrative processes.

Comments on the previously announced expectations

With the financial performance in 2023, previously announced expectations have been surpassed significantly. In 2023, we expected new sales, updated terms of trade combined with focus on increasing efficiency to contribute to the Group's healthy revenue growth and profitability. We forecasted a Cash EBITDA of DKK 22 million, including CAPEX security investments and product upgrades of app. DKK 28 million, hence returning the Group to a healthy financial position.

The Group's Cash EBITDA in 2023 amounted to DKK 37.3 million, which is DKK 15.3 million better than expected equivalent to a further improvement of 69.5% compared to previously announced expectations.

Management's review

Materiel misstatements – accounting policies

In prior years, the Group has recognised revenue related to goods and services purchased by insurers in Claimshop as a principal of the transaction. During the year, Management re-assessed the Group´s position and thus the accounting judgement made in respects of this earlier years and based on the facts and circumstances including the available accounting guidance in connection with such transactions, Management believes that the Group acts as an agent.

The Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. Furthermore, the Group has no inventory risk. When the Group satisfies a performance obligation, the Group recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified good or service to be provided by the other party.

As a result of the re-assessment, both revenue and cost of sales are overstated earlier years and therefore revenue and cost of sales are corrected as a material misstatement in the annual report of 2023 by restating comparative figures for the current years, both in the Management's review and in the financial statements.

In consequence of the restatement, revenue and cost of sales for 2022 have been adversely affected by DKK 350 million. Neither the opening equity at December 2022 nor the balance sheet or equity at December 2022 is affected.

Outlook

The focus of Scalepoint in the coming years will remain to improve the existing business and to further bolstering the Group's cash and equity positions from operations.

In our view, Scalepoint is well-positioned for a positive trajectory in years to come. With a strict focus on "Helping insurers help their customers" in existing markets, we attempt to further strengthen solutions and services vis-à-vis our customers, including state-of-the-art security, personal data protection and product upgrades. It is critical to continue our open and constructive engagement with our trusted business partners to jointly improve Scalepoint's customer-centric digital and increasingly automated offerings.

In 2024, effect from new sales combined with focus on increasing efficiency are projected to contribute to the Group's healthy revenue growth and profitability. We forecast a Net profit of DKK 15-20 million and a Cash EBITDA of DKK 15-20 million, including CAPEX security investments and product upgrades of DKK 20-25 million.

The continued healthy financial performance will result in further financial bolstering of Scalepoint's equity and liquidity. Management will be closely monitoring the realization of the expected value.

Events subsequent to the financial year

No significant events have occurred subsequent to the financial year.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

Note	DKK'000	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
3	Revenue	202,980	173,421	0	0
	Other external costs	-47,473	-70,342	-208	-248
	Gross profit/loss	155,507	103,079	-208	-248
4	Staff costs	-87,753	-80,490	0	0
5	Depreciation and impairment of intangible assets and property, plant and equipment	-22,635	-30,388	0	0
	Income from equity investments in group enterprises	0	0	-2,373	0
	Profit/loss before net financials	45,119	-7,799	-2,581	-248
6	Financial income	5,043	1,728	29	26
7	Financial expenses	-607	-3,656	-144	-185
	Profit/loss before tax	49,555	-9,727	-2,696	-407
8	Tax on profit/loss for the year	-4,369	-2,651	71	17
	Profit/loss for the year	45,186	-12,378	-2,625	-390

Statement of comprehensive income

Note	DKK'000	Group 2023	Group 2022
	Profit/loss for the year	45,186	-12,378
	Exchange differences on translation of foreign operation	-44	105
	Total comprehensive income	45,142	-12,273

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
Note	DKK'000	2023	2022	2023	2022
	ASSETS				
9	Intangible assets				
	Completed development projects	28,193	20,729	-	-
	Acquired intangibles assets	6,369	12,209	-	-
	Development projects in progress	47,817	41,450	-	-
		82,379	74,388	-	-
10	Property, plant and equipment				
	Property, plant and equipment	1,387	1,588	-	-
	Right to use assets (properties)	9,145	11,068	-	-
		10,532	12,656	-	-
	Other non-current assets				
11	Investments in subsidiaries	0	0	12,216	12,768
12	Other receivables	4,968	4,731	0	0
12	Deposits	1,136	1,094	0	0
		6,104	5,825	12,216	12,768
	Total non-current assets	99,015	92,869	12,216	12,768
	Current assets				
13	Trade receivables	94,666	267,543	-	-
14	Work in progress (contract assets)	1,881	6,087	-	-
	Receivables from group entities	419	419	146	112
	Deferred tax assets	3,425	337	0	0
	Joint taxation contribution receivable	0	1,254	49	7
15	Prepayments	4,142	1,694	53	53
		104,533	277,334	248	172
16	Cash	364,631	214,981	933	1,102
	Total current assets	469,164	492,315	1,181	1,274
	TOTAL ASSETS	568,179	585,184	13,397	14,042

Financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
Note	DKK'000	2023	2022	2023	2022
	EQUITY AND LIABILITIES				
	Equity				
17	Share capital	502	502	502	502
	Foreign currency translation reserve	631	675	0	0
	Retained earnings	46,295	1,109	4,747	7,372
	Total equity	47,428	2,286	5,249	7,874
	Liabilities other than provisions				
	Non-current liabilities				
18	Lease liabilities	8,470	10,212	0	0
	Total non-current liabilities	8,470	10,212	0	0
	Current liabilities				
	Bank debt	104	29	0	0
18	Lease liabilities	1,945	1,897	0	0
	Prepayments received from customers	97,685	89,702	0	0
	Trade payables	36,098	45,857	0	0
	Payables to group entities	377	377	8,148	6,003
	Corporation tax payables	6,102	0	0	0
19	Debt to customers (insurance companies)	356,790	413,531	0	0
20	Other liabilities	13,180	21,293	0	165
	Total current liabilities	512,281	572,686	8,148	6,168
	Total liabilities	520,751	582,898	8,148	6,168
	TOTAL EQUITY AND LIABILITIES	568,179	585,184	13,397	14,042

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Group Share capital	Group Foreign currency translation reserve	Group Retained earnings	Group Total equity
2023				
Equity at 1 January 2023	502	675	1,109	2,286
Net profit/loss for the year	0	0	45,186	45,186
Other comprehensive income	0	-44	0	-44
Comprehensive income	0	-44	45,186	45,142
Equity at 31 December 2023	502	631	46,295	47,428
2022				
Equity at 1 January 2022	502	570	13,487	14,559
Net profit/loss for the year	0	0	-12,378	-12,378
Other comprehensive income	0	105	0	105
Comprehensive income	0	105	-12,378	-12,273
Equity at 31 December 2022	502	675	1,109	2,286

DKK'000	Parent Share capital	Parent Foreign currency translation reserve	Parent Retained earnings	Parent Total equity
2023				
Equity at 1 January 2023	502	0	7,372	7,874
Net profit/loss for the year	0	0	-2,625	-2,625
Equity at 31 December 2023	502	0	4,747	5,249
2022				
Equity at 1 January 2022	502	0	7,762	8,264
Net profit/loss for the year	0	0	-390	-390
Equity at 31 December 2022	502	0	7,372	7,874

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

		Group		Parent Company	
Note	DKK'000	2023	2022	2023	2022
	Profit/loss before tax	49,555	-9,727	-2,696	-407
	Depreciation and amortisation	22,635	30,388	0	0
	Other non-cash items	-105	-584	559	0
	Interest income on other receivables	-236	0	0	0
	Change in net working capital:				
	Receivables and prepaid expenses	174,608	-76,021	-34	-36
	Trade payables	-9,760	4,560	0	101
	Payables to group entities	0	0	2,145	176
	Other liabilities	-56,853	62,119	-165	0
	Net cash from operating activities before financials and tax	179,844	10,735	-191	-166
	Tax paid current year	-91	1,679	22	18
	Net cash flows from operating activities	179,753	12,414	-169	-150
	Purchase of property, plant and equipment	-969	-659	0	0
	Purchase of development projects	-27,529	-25,417	0	0
	Purchase, deposits	-42	0	0	0
	Cash flows from investing activities	-28,540	-26,076	0	0
	Lease liabilities	-1,562	-1,821	0	0
	Net cash used for financial activities	-1,562	-1,821	0	0
	Cash flows for the year	149,651	-15,483	-169	-150
	Cash and cash equivalents, beginning of year	214,953	230,436	1,102	1,252
	Cash and cash equivalents, year end	364,604	214,953	933	1,102

Consolidated financial statements and parent company financial statements 1 January – 31 December

Overview of notes

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

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 for 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and additional Danish disclosure requirements for medium-sized class C entities.

Danish Kroner (DKK) is the Group's presentation currency and the functional currency of the Group. The financial statements are presented in Danish Kroner (DKK) rounded off to the nearest DKK 1,000.

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.

To better reflect the Group's core activities as software provider, Management changed the presentation in the income statement from presentation by function to presentation by nature.

Materiel misstatements – accounting policies

In prior years, the Group has recognised revenue related to goods and services purchased by insurers in Claimshop as a principal of the transaction. During the year, Management re-assessed the Group´s position and thus the accounting judgement made in respects of this earlier years and based on the facts and circumstances including the available accounting guidance in connection with such transactions, Management believes that the Group acts as an agent.

The Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. Furthermore, the Group has no inventory risk. When the Group satisfies a performance obligation, the Group recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified good or service to be provided by the other party.

As a result of the re-assessment, both revenue and cost of sales are overstated earlier years and therefore revenue and cost of sales are corrected as a material misstatement in the annual report of 2023 by restating comparative figures for the current years, both in the Management's review and in the financial statements.

In consequence of the restatement, revenue and cost of sales for 2022 have been adversely affected by DKK 350 million. Neither the opening equity at December 2022 nor the balance sheet or equity at December 2022 or 2023 is affected.

New accounting standards

No new standards are expected to have any substantial impact on the Group's financial reporting.

Foreign currency translation

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).

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 the fair value was determined.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Basis of consolidation

The Group's financial statements consolidate the Parent Company and all of its subsidiaries as of 31 December 2022. 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 between and balances with Group entities 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.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company, Scalepoint Technologies Holding A/S, and group entities controlled by Scalepoint Technologies Holding A/S (control).

Control means the power to exercise decisive influence over a group entity's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Significant influence

Entities over whose financial and operating decisions the Group can exercise significant influence are classified as associates. Significant influence is deemed to exist when the Parent Company holds or controls, directly or indirectly, more than 20% of the voting rights of an entity but does not control it.

The existence of potential voting rights that may currently be exercised or converted into voting rights is considered when assessing whether significant influence exists.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual group entities' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates and equity interests are eliminated in proportion to the Group's ownership interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The group entities' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of group entities that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

Acquisitions and disposals of non-controlling interests that are still controlled are recognised directly in equity as a transaction between shareholders.

Equity investments in associates, participating interests and joint ventures are recognised in the consolidated financial statements using the equity method.

The Group's activities in joint operations are recognised in the consolidated financial statements on a line-by-line basis.

External business combinations

Newly acquired entities are recognised in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinuing operations are presented separately.

The acquisition date is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill in intangible assets. Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognised at fair value at the acquisition date. Subsequent adjustments of contingent purchase considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

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Notes

1 Accounting policies (continued)

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments are recognised as errors.

Gains or losses from the divestment of group entities that implies that control is no longer maintained are calculated as the difference between, on the one hand, the net selling price and, on the other hand, the proportionate share of the carrying amount of net assets. If the Parent Company still holds equity investments in the divested group entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in associates, participating interests or securities and equity investments.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is not recognised.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc., in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

For vertical and downstream intra-group mergers the group method is applied for the combination of the entities. Thereby, the entities are combined at the revaluation value recognised in the consolidated financial statements or which would have been recognised in the consolidated financial statements for the parent company included in the merger. The group method is applied as if the entities had been combined from the date when the parent company acquired the equity investments in the entities included in the merger, and therefore, the comparative figures were restated.

Foreign currency translation

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

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

Fixed assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Foreign group entities, associates and equity interests are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences are recognised directly in equity when they have arisen on translation of the opening equity of foreign group entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date.

Foreign exchange adjustments of balances with independent foreign group entities that are considered part of the total net investment in the group entity are recognised directly in the translation reserve under equity. Correspondingly, foreign exchange gains and losses on loans and derivative financial instruments hedging net investments in foreign group entities are recognised directly in the translation reserve under equity.

Income statement

Revenue

Income from the rendering of services, which include income from subscription agreements from the Group's own developed software application systems to insurance companies and sale of customised software.

Revenue corresponds to the selling price of the services rendered in the year (percentage of completion method).

Revenue from subscription agreements is recognised over the term of the agreement in accordance with the contents of the agreement. Revenue from time-limited software licences is accrued and recognised on a straight line basis over the term of the licence according to the terms of the licence agreement.

Revenue from the sale of customised software is recognised in revenue based on the stage of completion of the development, including services relating to support services, which are considered an integral part of customised software.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

The Group does not enter into sales agreements with credit terms exceeding 12 months. Therefore, the Group does not adjust the agreed contract price with a financing element. Additionally, on large projects, security is requested in the form of prepayments.

The transaction price in revenue recognition does not include any considerations from contracts with customers beyond the fair value of the services provided. There are no additional financial adjustments, such as incentives, financing components, or variable considerations that are contingent on the occurrence of a future event, factored into the transaction price. This ensures that the revenue recognized accurately reflects the value of services rendered as per the terms agreed upon in the subscription agreements and claim handling services.

Other operating income

Other operating income comprises items secondary to the principal activities of the Group, including transfer pricing compensation, gains on the disposal of intangible assets and property, plant and equipment, etc.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other external expenses

Other external expenses comprise costs relating to the Group's primary activities incurred in the year, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Group's employees.

Profit/loss from equity interests in group entities

The item comprises dividends from equity interests in group entities, which are measured at cost and recognised in the income statement in the financial year when the dividends are declared.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, including from group entities and equity interests, declared dividends from other securities and equity investments, charges in respect of finance leases, realised and unrealised gains and losses on other securities and equity investments, transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on account tax scheme, etc.

Tax for the year

Tax for the year comprises current tax for the year on expected taxable income and deferred tax adjustment for the year. The tax expense for the year relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

The Group and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are, as a minimum, reimbursed by the administration company based on the current rates applicable to interest allowances, and jointly taxed entities having paid too little tax pay, as a maximum, a surcharge based on the current rates applicable to interest surcharges to the administration company.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost. Amortisation is made over the estimated economic life without the determination of a residual value.

Development projects

Development costs comprise expenses, salaries and amortisation charges directly attributable to development activities.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential are evidenced, and where the Parent Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well as development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

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 in the condition required 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 as other income or other expenses.

Investments

Non-current receivables are measured at amortised cost.

Equity investments in group entities

Equity interests in group entities are measured at cost. Cost includes the consideration measured at fair value plus direct acquisition costs.

In case of indication of impairment, an impairment test is conducted. Equity interests are written down to the lower of the carrying amount and the recoverable amount.

Distributions of dividend where the dividend exceeds the profit/loss for the year or where the carrying amount of the Group's equity interests exceed the consolidated carrying amounts of the Group entity's, associate's or participating interest's net assets will be an indicator of impairment, meaning that an impairment test must be conducted.

Gains or losses on disposal of group entities, participating interests and associates are made up as the difference between the net selling price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill. The gains and losses are recognised in the income statement as profit/loss from equity interests.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

Leased assets and lease commitments are recognised in the balance sheet when the leased asset under a lease entered into regarding a specific identifiable asset is made available to the Group in the lease term, and when the Group in this connection obtains the right to almost all economic benefits from the use of the identified asset and the right to control the use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of the future lease payments discounted by an incremental borrowing rate. The following lease payments are recognised as part of the lease liability:

- Fixed payments.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Payments overdue subject to a residual value guarantee.
- Amounts expected to be payable under residual value guarantees.
- Exercise price of call options that it is highly probable that Management will exercise.
- Payments subject to an extension option that it is highly probable that the Group will exercise.
- Penalty related to a termination option unless it is highly probable that the Group will not exercise the option.

The lease liability is measured at amortised cost according to the effective interest method. The lease liability is recalculated when the underlying contractual cash flows change due to changes in an index or interest rate, if the Group's estimate of a residual value guarantee changes or if the Group changes its assessment of whether call options, extension options or termination options can reasonably be expected to be exercised.

On initial recognition, the leased asset is measured at cost, which corresponds to the value of the lease liabilities adjusted for prepaid lease payments plus directly related costs and estimated costs for demolition, repairs or the like less discounts or other types of incentive payments from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The leased asset is depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciation charges are recognised on a straight-line basis in the income statement.

The leased asset is adjusted for changes to the lease commitment due to changes to the terms of the lease or changes to the cash flows of the lease concurrently with changes to an index or an interest rate.

Leased assets are presented together with the Group’s other fixed assets and are depreciated on a straight-line basis over the expected lease term. These terms are stated in the paragraphs for other fixed assets where the leased assets are included.

The Group has chosen not to recognise leased assets of a low value and short-term leases in the balance sheet. Instead, related lease payments are recognised on a straight-line basis in the income statement.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

Receivables

Receivables are measured at amortised cost. Write-down for bad and doubtful debts is made in accordance with the simplified expected credit loss model according to which the total loss is recognised immediately in the income statement at the same time as the receivable is recognised in the statement of financial position based on the expected loss in the useful life of the receivable.

Recognition as income of interest on impaired receivables is calculated based on the written-down value using the effective interest rate for the individual receivable or portfolio.

The simplified expected credit loss model is used for financial assets relating to trade receivables, leasing and contract assets according to which the expected loss over the useful life of the financial asset is recognised immediately in the income statement. The financial asset is monitored continuously according to the Group's risk management until realisation. The impairment loss is estimated based on the expected loss ratio, which is estimated for financial assets by geographic location. The loss ratio is estimated based on historical data adjusted for estimates over the effect of expected changes in relevant parameters such as financial development, political risks, etc., in the relevant market.

Contract assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Prepayments

Prepayments comprise prepaid costs concerning subsequent financial years.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non-deductible goodwill and on office premises and other items where temporary differences – apart from acquisitions – arise at the acquisition date without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Equity

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Group's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Group's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist.

The foreign currency translation reserve does not represent a limitation under company law and may therefore be negative.

When equity investments in group entities and associates and participating interests in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Proposed dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Liabilities other than provisions

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

Lease liabilities

Lease liabilities are measured at the present value of the remaining lease payments, including any guaranteed residual value based on the interest rate implicit in the individual contract.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Prepayments received from customers

Prepayments received from customers include deferred revenue where payment has been received for later sales of goods and services but delivery has not yet taken place.

Other payables

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal. Total payments made and received on companies acquired or disposed are presented net in the cash flow statement, i.e. excluding cash and cash equivalents.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital, interest received and paid regarding operations as well as corporation tax paid. Interest received is classified as cash flows from operating activities. Furthermore, dividends received are classified as operating activity.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

2 Significant accounting estimated and judgments

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.

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

Recognition of revenue

The recognition of revenue related to goods and services purchased by insurers in Claimshop is an accounting judgement, as the interpretation of whether the Group acts as agent or principal involves interpretation of accounting guidance based on facts and circumstances for the transactions.

Management believes that the Group acts as an agent, as the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. Furthermore, the Group has no inventory risk. When the Group satisfies a performance obligation, the Group recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified good or service to be provided by the other party.

Impairment of software and capitalised development projects

Assessing whether there are indications of impairment of software and capitalised development projects requires judgement. Management monitors whether there are indicators that the software and capitalised development projects may be impaired on an ongoing basis. An impairment test on the specific software and capitalised development projects is prepared on an annual basis.

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.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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3 Revenue

	Group	
DKK'000	2023	2022
Revenue from subscription agreements	186,213	154,962
Revenue from sale of customised software	12,241	14,594
Other revenue	4,526	3,865
	202,980	173,421
Scandinavia	181,198	148,495
Rest of world	21,782	24,926
	202,980	173,421

4 Employee cost and remuneration

	Group	
DKK'000	2023	2022
Wages and salaries	81,011	75,865
Pensions	4,069	184
Other social security costs	1,089	874
Other staff costs	5,308	7,113
Staff costs transferred to non-current assets	-3,724	-3,546
	87,753	80,490
Average number of employees in the year	100	97
Remuneration to Management		
Board of Directors and Executive Board	3,756	3,284
Key management employees	11,820	12,078
Total	15,576	15,362

Pension costs are included in the amounts above and comprise DKK 131 thousand for Board of Directors and Executive Board and DKK 1,700 thousand for Key management employees.

Executive Board and Key management employees are entitled to 6-9 months' salary upon resignation.

Executive Board and Key management employees are entitled to bonus dependant on various KPI's including financial performance.

Share-based payments

In 2020, the Parent Company, Scalepoint Technologies Holding A/S, established a warrant programme for key employees in the Group.

Each Warrant will provide the Warrant Holder with a right, but not an obligation, to subscribe for one (1) A-share of nominally DKK 1,00 against cash payment of DKK 642.0803 (i.e. a subscription rate of 64,208.03 per 100 A-shares) (the "Exercise Price"). The Exercise Price will remain fixed during the term of the Warrant Program 2020 – 2025.

Exercise of the Warrants is conditional on the warrant holders being employed or considered "a good leaver" at the time of exercise. There are no other conditions for the acquisition of warrants.

Each Warrant Holder can exercise his or her Warrants ordinarily during the period 1 January 2026 – 31 December 2030.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

4 Employee cost and remuneration (continued)

The Group may – following the Warrant Holder's notice of exercise of the Warrants – in its sole discretion decide that the Warrant Holder shall exercise his or her Warrants by full or partial settlement in treasury shares rather than subscribing for new shares; or to cash settle the Warrants so that the Warrant Holder, instead of receiving shares, receives a cash payment corresponding to the difference between the Exercise Price and the calculated market value of the Warrant Holder's part of the Group's shares.

Consequently, the incentive programme is cash settled in Scalepoint Technologies Holding A/S. All employees subject to the programme are employed in the subsidiary, Scalepoint Technologies Denmark A/S.

The subsidiary, Scalepoint Technologies Denmark A/S, is obligated to settle the program to the Parent Company, and hence the programme is also considered cash-based in the subsidiary. The warrant programme included 68,915 outstanding warrants at 31 December 2023.

The fair value of the programme is null, as the exercise price exceeds the estimated current fair value of the Group. The fair value of the Group is estimated using discounted cash flow models. Consequently, the cost recognized in the income statement is null for 2022 and 2023.

DKK'000	Number of warrants	Weighted average exercise price DKK'000	Fair value per warrant
Outstanding at January 2023	52,305	642	0
Granted during the year	16,610	642	0
Exercised during the year	0	0	0
Outstanding at December 2023	68,915	1,284	0

5 Depreciations

	Group	
DKK'000	2023	2022
Intangible assets	19,538	27,095
Property, plant and equipment other than right of use asset	1,171	1,368
Right of use assets	1,926	1,925
	22,635	30,388

	Group		Parent	
DKK'000	2023	2022	2023	2022
6 Financial income				
Interest income, bank	4,808	136	20	17
Foreign exchange gains	0	1,367	5	6
Interest expenses, group entities	0	0	4	3
Other interest expenses	235	225	0	0
	5,043	1,728	29	26

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DKK'000	Group 2023	Group 2022	Parent 2023	Parent 2022
7 Financial expenses				
Interest expenses, bank	59	1,372	0	0
Foreign exchange losses	315	1,989	0	0
Interest expenses, lease liabilities	233	265	1	0
Interest expenses, group entities	0	0	139	177
Other interest expenses	0	30	4	8
	607	3,656	144	185
8 Tax for the year				
Current tax	4,028	158	-71	0
Change in deferred tax	-3,079	1,924	0	-17
Adjustment of tax for previous years	2,753	569	0	0
	4,359	2,651	-71	-17
Reconciliation of effective tax rate:				
Profit/loss before tax	49,555	-9,727	-2,695	-407
Tax computed on the profit before tax at a tax rate of 22%	10,902	-2,140	-593	-90
Permanent differences	-164	3,009	522	107
Tax adjustment, prior years	-2,753	0	0	0
Tax losses utilized, not recognized prior years	-3,626	0	0	0
Total	4,359	869	-71	17
Total - effective tax rate	8,8%	8,9 %	2,6%	4,2%
Deferred tax is made up as follows:				
Intangible assets	-18,105	-14,074	0	0
Property, plant and equipment	688	370	0	0
Tax loss carry-forwards	0	15,162	0	0
Provisions	20,842	0	0	0
Total deferred tax	3,425	1,458	0	0

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9 Intangible assets

2023

DKK'000	Group: Completed development projects	Acquired intangibles assets	Development projects in progress	Total
Cost at 1 January 2023	68,439	291,463	41,450	401,352
Additions during the year	0	0	27,529	27,529
Transfer	21,162	0	-21,162	0
Cost at 31 December 2023	89,601	291,463	47,817	428,881
Amortisation and impairment losses at 1 January 2023	47,709	279,254	0	326,963
Amortisation	13,699	5,840	0	19,539
Amortisation and impairment losses at 31 December 2023	61,408	285,094	0	346,502
Carrying amount at 31 December 2023	28,193	6,369	47,817	82,379

2022

DKK'000	Group: Completed development projects	Acquired intangibles assets	Development projects in progress	Total
Cost at 1 January 2022	68,438	291,463	16,033	375,934
Additions during the year	0	0	25,417	25,417
Cost at 31 December 2022	68,438	291,463	41,450	401,351
Amortisation and impairment losses at 1 January 2022	27,392	272,476	0	299,868
Amortisation	20,317	6,778	0	27,095
Amortisation and impairment losses at 31 December 2023	47,709	279,254	0	326,963
Carrying amount at 31 December 2022	20,729	12,209	41,450	74,388

Development projects

Development projects include the development of the Group's core systems, Core, Hub and ClaimShop. The related expenses primarily consist of internal expenses in the form of payroll costs and materials purchased, which are recorded in the Group's internal project module.

The new systems are expected to result in considerable competitive advantages and, thus, a significant increase in the Group's level of activity and results of operations.

In 2023, Management carried out an impairment test of the carrying amount of development projects in progress. The recoverable amount in the form of the value in use is deemed to exceed the carrying amount.

Expected cash flows included in the impairment test are based on a 2-year budget period that reflects existing budgets and forecasts in the budget period as well as a subsequent terminal period where growth rates are kept at 2.5%. The development in the budget period is based on the development over the past few years and includes expected intake and loss of customers. Costs have been projected based on the expected development in costs and wages.

The discount rate after tax applied is 20% in 2023 (2022: 8%). The determination is based on an analysis of the equity market's return requirements for similar companies.

If average annual growth in the budget period declines by 1.0 percentage point, this will not lead to any impairment. An increased return requirement of 1 percentage point will not lead to any impairment.

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10 Property, plant and equipment

2023

	Group		
DKK'000	Fixtures and fittings, other plant and equipment	Right-of-use assets (properties)	Total
Cost at 1 January 2023	19,928	18,203	38,131
Exchange rate adjustments	0	3	3
Additions during the year	970	0	970
Cost at 31 December 2023	20,898	18,206	39,104
Depreciation at 1 January 2023	18,340	7,135	25,475
Depreciation during the year	1,171	1,926	3,097
Depreciation 31 December 2022	19,511	9,061	28,572
Carrying amount at 31 December 2023	1,387	9,145	10,532

2022

	Group		
DKK'000	Fixtures and fittings, other plant and equipment	Right-of-use assets (Properties)	Total
Cost at 1 January 2022	19,269	18,190	37,459
Exchange rate adjustments	0	13	13
Additions during the year	659	0	659
Cost at 31 December 2022	19,928	18,203	38,131
Depreciation at 1 January 2022	16,972	5,210	22,182
Depreciation during the year	1,368	1,925	3,293
Depreciation at 31 December 2022	18,340	7,135	25,475
Carrying amount at 31 December 2022	1,588	11,068	12,656

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11 Investments in subsidiaries

	Parent	
DKK'000	2023	2022
Cost at 1 January	22,995	22,995
Disposal	-244	0
Cost at 31 December	22,751	22,995
Amortisation and impairment losses at 1 January	-10,317	-10,227
Value adjustments in the year	-2,373	0
Adjustments from disposed assets	2,155	0
Amortisation and impairment losses at 31 December	-10,535	-10,227
Carrying amount at 31 December	12,216	12,768

All foreign group entities, equity interests and associates are considered separate entities.

Name and registered office	Voting rights and ownership	Profit/loss DKK'000	Equity DKK'000
Group entities			
Scalepoint Technologies Denmark A/S, Copenhagen, Denmark	100%	45,120	45,916
Scalepoint Technologies Sweden, Stockholm, Sweden	100%	131	455
Scalepoint Technologies Norway A S, Oslo, Norway	100%	139	1,971
Scalepoint Technologies Ltd., London, United Kingdom	100%	8	716
Scalepoint Technologies Germany GmBH, Cologne, Germany	100%	*	*
Scalepoint Technologies Switzerland GmBH, Luzern, Switzerland	100%	*	*

*No public annual report available

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12 Other non-current assets

2023

	Group		
DKK'000	Other receivables	Deposits	Total
Cost at 1 January 2023	4,731	1,094	5,825
Additions during the year	237	42	279
Cost at 31 December 2023	4,968	1,136	6,104
Value adjustments at 1 January 2023	0	0	0
Value adjustments during the year	0	0	0
Value adjustments 31 December 2023	0	0	0
Carrying amount at 31 December 2023	4,968	1,136	6,104

2022

	Group		
DKK'000	Other receivables	Deposits	Total
Cost at 1 January 2022	4,506	1,199	5,705
Additions during the year	225	0	225
Disposals during the year	0	-105	-105
Cost at 31 December 2022	4,731	1,094	5,825
Value adjustments at 1 January 2022	0	0	0
Value adjustments during the year	0	0	0
Value adjustment at 31 December 2022	0	0	0
Carrying amount at 31 December 2022	4,731	1,094	5,825

The net carrying value of other receivables is considered a reasonable approximation of fair value.

The Group's receivables have been reviewed for indications of impairment. No such indications were identified.

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13 Trade receivables

	Group	
DKK'000	2023	2022
Trade receivables, gross	94,724	267,568
Provision for losses	-58	-25
	94,666	267,543

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

The Group's trade receivables have been reviewed for indications of impairment. No such indications were identified.

Due receivables not written down:

	Group	
DKK'000	2023	2022
Overdue, less than 30 days	11,018	79,993
Overdue, more than 30 days	0	0
	11,018	79,993

14 Contract assets and contract liabilities

Selling price of work performed	2,644	6,087
Payments received on account	-833	0
	1,811	6,087
Deferred revenue	0	0
	1,811	6,087
Classified as follows:		
Contract assets	1,811	6.087
Contracts liabilities	0	
	1,811	6.087

15 Prepayments

Prepayments	1,535	1,694
Other	2,607	0
	4,142	1,694

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16 Cash and cash equivalent

DKK'000	2023	2022
Cash	142,445	48,629
Restricted cash	222,186	166,352
Total	364,631	214,981

Restricted cash are deposits, that the Group holds on behalf of the customers (insurance companies) and are therefore not available for general use by the Group.

17 Share capital (parent)

The Group's share capital consists of 426,993 ordinary shares of DKK 1 and 74,928 B shares of DKK 1. The shares are fully paid in. All shares are equally eligible to receive dividends and the repayment of capital and all ordinary shares represent one vote at the shareholders' meeting.

	Group	
DKK'000	2023	2022
18 Non-current liabilities		
Lease liabilities		
Current	1,945	1,897
Non-current	8,470	10,212
Total lease liabilities	10,415	12,109
Due 1-5 years	10,415	9,932
Due after 5 years	0	2,177
Total non-current liabilities	10,415	12,109

19 Debt to customers (insurance companies)

Debt to customers totals DKK 356,790 thousand (2022: DKK 413,531 thousand) and relates to cash deposits, that the Group holds on behalf of the customers (insurance companies). Please refer to note 16.

	Group	
DKK'000	2023	2022
20 Other liabilities		
Holiday allowances	2,626	2,643
Other payables	10,554	18,650
Other liabilities	13,180	21,293

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21 Contingent liabilities

The Danish companies are jointly taxed 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 joint taxation income.

The Group has issued guarantees for a total of DKK 3,820 thousand.

As collateral for guarantees of DKK 3,820 thousand, the Group has pledged Cash and cash equivalents representing a carrying amount of DKK 3,820 thousand.

22 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 in 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.

23 Financial risks and financial instruments

Foreign currency risk

The Group does not actively engage in trading of financial assets and financial derivatives. The Group is subject to currency risks on payables and receivables in foreign currency, and purchases of services in foreign currency. The Group has minimized its risk by only purchasing developer hours in EUR. 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's liquidity risks cover the risk that the Group is not able to meet its liabilities as they fall due.

The previous year's significant product investments and lower historically price level have resulted in a reduction of the Group's earnings, and consequently, liquidity. The Group has a significant cash position primarily due to Scalepoint's existing business model. The majority of the cash, however, remains restricted and directly related to claims indemnifications. At the end of 2023, the Group had available cash of DKK 364.6 million of which DKK 222.2 million relates to the home content claims cash flow.

In 2023, the Group's net current balance amounted to DKK -43.1 million. Updated financial projections, however, imply that the net current balance debt will be zeroed out during the period 2024 - 2025, partly due to renewed contract terms, partly due to the Group's profit and liquidity performance improvement. It is the aspiration to further consolidate Scalepoint's liquidity in the years to come – an aspiration closely monitored by the Board and Management.

Consequently, Management considers the current liquidity risk handled.

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23 Financial risks and financial instruments (continued)

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. The increasing interest rates have a positive effect on the financials of the Group.

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

As at 31 December 2023

DKK'000	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Bank debt	104	0	0	0	104
Lease liabilities	1,945	1,998	6,472	0	10,415
Prepayments received from customers	97,685	0	0	0	97,685
Trade payables	36,098	0	0	0	36,098
Payables to group entities	377	0	0	0	377
Corporation tax payables	6,102	0	0	0	6,102
Debt to customers (insurance companies)	356,790	0	0	0	356,790
Other payables	13,180	0	0	0	13,180
Total	512,281	1,998	6,472	0	520,751

All financial liabilities at 31 December 2022 are measured at amortised cost.

As at 31 December 2022

DKK'000	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Bank debt	29	0	0	0	29
Lease liabilities	1,897	1,914	6,121	2,177	12,109
Prepayments received form customers	89,702	0	0	0	89,702
Trade payables	45,857	0	0	0	45,857
Payables to group entities	377	0	0	0	377
Tax liabilities	0	0	0	0	0
Debt to customers (insurance companies)	413,531	10	0	0	413,541
Other payables	21,293	0	0	0	21,293
Total	572,686	1,924	6,121	2,177	582,908

All financial liabilities at 31 December 2022 are measured at amortised cost.

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24 Related parties

Ownership

HST Holding A/S, Copenhagen, Denmark, has control of Scalepoint Technologies Holding A/S, as the Group 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 A/S. The Group is included in the consolidated financial statements of Crep 1 Aps.

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

- HST Holding A/S, Denmark
- VC1943 ApS, Denmark.

Transactions with Executive Board and Key management employees

Remuneration of Management is disclosed in note 4.

Other receivables, which amounts to DKK 4,968 thousand, comprise long-term receivables to members of Executive Board and Key management. In 2023, the Group recognized DKK 235 thousand in interest income from the receivables.

Transactions with other related parties

There were no transactions with other related parties.

25 Events occurring after the balance sheet date

No significant events have occurred subsequent to the financial year.

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