Scalepoint Technologies Denmark A/S

Aldersrogade 8, 2100 Copenhagen
Company reg. no. 38 30 73 47

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on 24 May 2018

Chairman of the meeting

Contents

The company	Scalepoint Technologies Denmark A/S Aldersrogade 8 2100 Copenhagen
Company reg. no.	38 30 73 47
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

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 Denmark A/S for the financial year 1 January 2017 - 31 December 2017.

The 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 financial statements and the financial statements provide a fair presentation of the company's assets, liabilities and financial position as at 31 December 2017 and of the results of the company's operations and the cash flows for the financial year 1 January 2017 - 31 December 2017.

We believe that the management's review contains a true and fair review of the development and performance of the company's business activities and financial position, the earnings for the year and the financial position, together with a description of the principal risks and uncertainties that the company faces.

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

Copenhagen, 24 May 2018

Executive Management

Tue Høilund-Carlsen

Board of Directors

Peter Heering
Chairman

Ulrik Trolle

Niels Ulrik Mortensen

Preben Damgaard Nielsen

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

Development in activities and financial matters
The Company's net profit for the year 2017 amounted to 13,2 million DKK which is above projections.

Expectations for the coming year
In 2018, the Company will continue to help it's customers (insurance carriers) help their claimants (policy holders). The Company is determined to be the best at digitalizing and automating claims processes and services, always with the highest possible claimant and customer-centric approach.
The Company's strategy for 2018 includes accelerated investments into further development of modules constituting its EasyClaims digital claims solution. Substantial investments will also be made into continued development of innovative technologies and value-adding services to end-users.

Overall, the outlook for 2018 remains 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 Company and essential for achieving innovative and operational excellence. It is decisive that the Company recruit and retain highly educated and knowledgeable employees. The Company 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.

Development activities
During 2017, the Company continued its revenue growth driven by larger volumes of claims processed and an increased activity within the Company's online replacement services. Gross revenues of 2017 amounted to 466 million DKK and gross profit amounted to 97 million DKK which is above projections.

The main drivers for the larger volumes of processed claims relate to continuously improved functionality and features leading to higher solution and service usage.

The Company's cost base (including other operating expenses, employee remuneration, etc.) amounted to 56 million DKK, which is below projections.

As of 1 January 2017, the Scalepoint-group finalized all planned business restructurings. A new parent and holding company in Denmark was established under the name Scalepoint Technologies Holding A/S. Furthermore, an operational company Scalepoint Technologies Denmark A/S was established to take on the activities previously performed by Scalepoint Technologies Ltd.

Business risks
Management, in consultation with the Board of Directors, manage the Company's financial risks. Monitoring and managing of the Company's risks are elements included in management's day-to-day tasks. The Company 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 Company are described below.

Foreign currency risk
The Company is subject to currency risks on payables and receivables in foreign currency, and purchases of services in foreign currency. The Company'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 Company liquidity risks covers the risk that the Company is not able to meet its liabilities as they fall due. The Company is not subject to material liquidity risks.

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

Technology risk
The Company is through the nature of the business exposed to technology risk such as cyber-attacks, system disruptions and system failure. To minimize and moderate those risks the Company 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 annual 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 Company has taken several initiatives to reduce possible harmful environmental impacts. The Company is actively taking measures to dispose of waste with a minimum of environmental impact. For an example, Daka ReFood collects all the company's food-waste later used for fertilizing and the creation of biological gas. Furthermore, micro plastics are avoided when buying dish cloths. 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 Denmark A/S

Our opinion
In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2017 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 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 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 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 the preparation of Parent Company Financial Statements that give a true and fair view in accordance with 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 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 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 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and 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 company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company 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, 24 May 2018

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

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

Jacob Helly Juell Hansen
State Authorised Public Accountant
MNE-no. 36169

Note		2017 DKK '000
3	**Revenue**	**466.144**
	Cost of sales	(368.966)
	Gross profit	**97.178**
4	Other operating income	13.959
	Other operating expenses	(28.583)
5	Employee remuneration	(41.444)
	Profit before depreciation, amortisation and impairment losses (EBITDA)	**41.110**
	Depreciation and amortisation of plant and equipment and intangible assets	(23.595)
	Operating profit (EBIT)	**17.515**
6	Financial income	1.521
7	Financial expenses	(2.005)
	Profit before tax	**17.031**
8	Tax on profit for the year	(3.833)
	Net profit for the year	**13.198**
	Other comprehensive income	
	USD forward contract - cashflow hedge	(370)
	Total comprehensive income	**12.828**
	Distribution of comprehensive income	
	Company's shareholders	12.828
	Total	**12.828**

Note		31-12-2017 DKK '000
	ASSETS	
	Non-current assets	
9	Software	42.516
10	Property, plant and equipment	1.874
11	Other long-term receivables	756
8	Deferred tax asset	2.968
	Total non-current assets	**48.114**
	Current assets	
12	Trade receivables	49.481
12	Receivables from group companies	23.828
12	Other receivables	391
12	Prepaid expenses	5.182
13	Cash and cash equivalents	291.804
	Total current assets	**370.686**
	Total assets	**418.800**
	EQUITY AND LIABILITIES	
	Equity	
	Share capital	500
	Share premium	3.218
	Other reserves - hedging reserve	0
	Retained earnings	12.828
14	**Total equity**	**16.546**
	Current liabilities	
15	Current debt to credit institutions	263
15	Trade payables	28.718
8	Current tax liabilities	803
16	Other short term financial liabilities	370
17	Other liabilities	372.100
	Total current liabilities	**402.254**
	Total equity and liabilities	**418.800**

DKK '000	Share capital	Share premium	Other reserve	Retained earnings	**Total equity**
Statement of changes in equity 01-01-2017 - 31-12-2017					
Equity as at 01-01-2017	500	4.154	0	0	4.654
Adjustment of share premium	0	(936)	0	0	(936)
Adjusted equity as at 01-01-2017	**500**	**3.218**	**0**	**0**	**3.718**
Net profit for the year	0	0	0	13.198	13.198
Other comprehensive income	0	0	0	(370)	(370)
Comprehensive income	**0**	**0**	**0**	**12.828**	**12.828**
Equity as at 31-12-2017	**500**	**3.218**	**0**	**12.828**	**16.546**

The adjustment of share premium as at 1 January 2017 relates to an adjustment to the estimate that the opening balance was based upon.

	31-12-2017 DKK '000
Profit before tax	17.031
Adjustment of non-cash transactions:	
Depreciation and amortisation	23.595
Financial income	(1.521)
Financial expenses	2.005
Change in working capital:	
Receivables and prepaid expenses	(16.782)
Trade payables	(14.672)
Other liabilities	52.597
Other non-cash items	(1.585)
Net cash from operating activities before net financials	**60.668**
Financial income received	1.521
Financial expenses paid	(2.005)
Tax paid	(2.449)
Net cash from operating activities	**57.735**
Purchase of property, plant and equipment	(716)
Purchase of other intangible assets	(31.401)
Net cash used in investing activities	**(32.117)**
Total cash flows for the year	**25.618**
Cash beginning of year	0
Cash flow from business combination	**265.923**
Cash end of year	**291.541**
Cash, end of year, comprises:	
Cash	291.804
Short-term payables to credit institutions	(263)
Total	**291.541**

1. Accounting policies

General information and statement of compliance with IFRS
Scalepoint Technologies Denmark A/S is a limited liability company domiciled in Denmark. The financial statements for 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and additional Danish disclosure requirements.

Danish kroner (DKK) is the company's presentation currency and the functional currency of the company. The financial statements are presented in Danish kroner (DKK) rounded off to the nearest DKK 1.000.

Foreign currency translation
Functional and presentation currency
The financial statements are presented in DKK.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency, 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.

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 company'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 company also provide service solutions for the insurance policyholder, for whom the company have handled a claim, i.e. providing replacement goods or gift vouchers through a webshop. The replacement goods are delivered via an extensive network of suppliers, which the company have built. The revenue from replacement goods and gift vouchers are recognised once delivery have taken place.

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

Interest
Interest income and expenses are reported on an accrual basis using the effective interest method.

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

1. Accounting policies - continued

BALANCE SHEET

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

Subsequent measurement
All intangible assets, including capitalised internally developed software application systems, are 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

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing as described.

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 or manufacturing 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 company'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: 3-10 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.

Leased assets
Operating leases
Where the company 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.

1. Accounting policies - continued

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 company'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. With the exception of goodwill, 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 company 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 company'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 company currently holds listed bonds designated to this category. Financial assets are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company'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 company'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 periods under review, the company has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding purchase orders in respect of software in foreign currency.

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.

1. Accounting policies - continued

Financial instruments - continued
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 company 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 company'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.

Deferred tax assets and liabilities are offset only when the company 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.

1. Accounting policies - continued

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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:
- 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 company 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 company expects to pay as a result of the unused entitlement.

Provisions, contingent assets and contingent liabilities
Provisions for legal disputes, onerous contracts or other claims are recognised when the company 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 company 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 company 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.

1. Accounting policies - continued

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.

Significant management judgement
The following are significant management judgements in applying the accounting policies of the company 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 company'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.

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 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.

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 (development projects).

Fair value of derivative forward contracts
The company'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 Company is the provision of Information Technology services to the insurance industry.

	2017 DKK '000

3. Revenue

Rendering of services	466.144
Total	**466.144**

4. Other operating income

Administration fee from group companies	13.959
Total	**13.959**

5. Employee remuneration

Wages and salaries	37.895
Pensions	3.373
Social security costs	176
Total	**41.444**
Average number of employees in the year	84

Remuneration of Directors and Executive Management

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

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

Remuneration for key management employees:

Remuneration	5.162
Total remuneration for key management employees	**5.162**

	2017 DKK '000

6. Financial income

Interest income on assets measured at amortised cost	25
Fair value movement on short term financial assets measured at FVTPL	1.200
Foreign exchange gains, net	296
Total	**1.521**

7. Financial expenses

Interest expenses on liabilities measured at cost	1.570
Foreign exchange losses, net	435
Total	**2.005**

8. Tax

Tax on profit for the year:	
Current tax	3.252
Change in deferred tax	581
Total	**3.833**

Reconciliation of effective tax rate:

Profit before tax	17.031
Tax computed on the profit before tax at a tax rate of 22%	3.747
Permanent differences	96
Effect of changed tax rate in Denmark	0
Total - Effective tax rate, 23%	**3.843**

Deferred tax is made up as follows:
Deferred taxes arising from temporary differences are summarised below:

Intangible assets	2.806
Property, plant and equipment	162
Provision for bad debt	0
Total deferred tax	**2.968**

which is categorised as follows:

Non-current deferred tax assets	2.968
Total	**2.968**

Current tax liability

Calculated tax charge for the year	3.252
Tax paid on account	(2.449)
Current tax liability, total	**803**

9. Software

Amounts in DKK '000	Software	Total
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 42,5 million DKK at 31 December 2017. 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.

10. Property, plant and equipment

Amounts in DKK '000	IT and other equipment	**Total**
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**

11. 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 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	756	756
Other long term financial assets	**0**	**756**	**756**
Trade and other receivables	0	78.882	78.882
Cash and cash equivalents	0	291.804	291.804
Other short term financial assets	**0**	**370.686**	**370.686**
Total financial assets	**0**	**371.442**	**371.442**
Financial liabilities			
Current debt to credit institutions	0	263	263
Trade and other payables	0	401.621	401.621
Derivative financial instruments - cash flow hedge	370	0	370
Financial liabilities	**370**	**401.884**	**402.254**

All of the above financial assets and liabilities carrying values are approximate to their fair values due to their short term nature as at 31 December 2017 with exception of held for trading assets and derivative financial instruments which are carried at their fair values.

11.1 Derivative financial instruments

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

	31-12-2017 DKK '000
USD forward contracts - cash flow hedge	-370
Derivative financial liabilities	**-370**

The Company 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 company'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.

11. Financial assets and liabilities - continued

11.2 Borrowings

Borrowings include the following financial liabilities:

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

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

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

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

11.3 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 in the reporting period.

The hierarchy of the fair value measurement of the company's financial assets and financial liabilities are as follows:

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

11. Financial assets and liabilities - continued

11.3 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 company'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.

11.4 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

	31-12-2017 DKK '000
12. Trade and other receivables	
Trade receivables, gross	49.546
Provision for losses	-65
Financial assets	**49.481**
Receivables from group companies	23.828
Other receivables	391
Prepaid expenses	5.182
Non-financial assets	**29.401**

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

Other receivables of 5,1 million DKK 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 2027 or at the time of the borrower's resignation as an employee in Scalepoint Technologies Denmark A/S.

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

	31-12-2017 DKK '000
Due receivables not written down:	
Overdue, less than 30 days	378
Overdue, more than 30 days	0
Total	**378**

	31-12-2017 DKK '000

13. Cash and cash equivalent

Cash	291.804
Total	**291.804**

14. Equity

Share capital
The company's share capital consists of 500.000 ordinary shares of DKK 1. The shares are fully paid in. All shares are equally eligible to receive dividends and the repayment of capital and 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 company's presentational currency.

Other reserves
Other reserves represent the fair value of derivative financial instruments at the balance sheet date that are designated as cashflow hedges net of deferred tax, less amounts reclassified through other comprehensive income.

Retained earnings
Retained earnings represent retained profits.

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

The company 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 company 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 company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	31-12-2017 DKK '000
15. Trade payables	
Trade payables	28.718
Short term debt to credit institutions	263
Trade and other current paybles	**28.981**

16. Other short term financial liabilities	
US dollar forward contracts - cash flow hedge	370
Trade and other paybles - current	**370**

17. Other liabilities	
Payables to group companies	1.493
Payables to policy holders	358.734
Holiday allowances	5.027
Other payables	6.846
Other liabilities - current	**372.100**

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

18. 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 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 2017 amounts to tDKK 803.

19. Capital commitments

At 31 December 2017 the Company had no capital commitments in place.

20. Operating lease commitments

The company 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.

	31-12-2017 DKK '000
The total, future minimum lease payments are distributed as follows:	
Within 1 year	1.180
1-5 year(s)	45
After 5 years	0
Total	**1.225**
Operating lease payment recognised in the income statement amounts to	**1.311**

21. Financial risks and financial instruments

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 day-to-day monitoring of the Company. The Company is exposed to a variety of financial risks, which result from its operating and investing activities. The Company 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 foreign developer hours in USD. The most significant financial risks to which the Company 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 Company is only exposed to interest rate risks in connection with surplus liquidity, as the company does not have any financial loans.

Foreign currency risk
The Company is subject to currency risks on payables and receivables in foreign currency, and purchases of services in foreign currency. The Company's most material currency risk relates to purchase of foreign developer hours in USD for development of a 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.

Liquidity risk

The company liquidity risks covers the risk that the company is not able to meet its liabilities as they fall due. The company 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 2017					
Payables to credit institutions	263	0	0	0	263
Trade payables	28.718	0	0	0	28.718
Tax liabilities	803	0	0	0	803
Other payables	372.100	0	0	0	372.100
Total	**401.884**	**0**	**0**	**0**	**401.884**

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

22. Related parties

Ownership

Scalepoint Technologies Holding ApS, Aldersrogade 8, 2100 Copenhagen, Denmark, has control of the Company, as the company holds the majority of the voting rights.
The ultimate controlling party is CREP ApS, Aldersrogade 8, 2100 Copenhagen, Denmark, which indirectly holds the majority of the votes.

Transactions with key management employees

Remuneration for the management is disclosed in note 5.

Transactions with other related parties

Other than administration fee from group companies (as described in note 4) and intercompany receivables and liabilities (as disclosed in note 12 and 17) there were no transactions with other related parties.

23. Events occuring after the balance sheet date

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

24. 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 2017. Management has begun to assess the impact of IFRS 9 on financial instruments (effective date 1 January 2018), IFRS 15 on revenue recognition (effective date 1 January 2018) and IFRS 16 on leases (effective date 1 January 2019, not yet adopted by the EU) on the future financial reporting. The other standards are not expected to have any substantial impact on the company.