

Global Dental Insurance A/S
Central Business Registration No 35804161

Interim Report First Half 2017

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Company details

Company

Global Dental Insurance A/S

Central Business Registration No: 35804161

Registered in: Gentofte

Internet: www.globaldentalinsurance.dk

E-mail: info@globaldentalinsurance.dk

Board of Directors

Mark Davidson

Steen Bo Jørgensen

Laura Linda Czelada

Jonathan Stong Groat

Toby Lincoln Hall

Executive Board

Jesper Kjeldsgaard Haugbølle

Company auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Statement by Management on the interim report

The Board of Directors and the Executive Board have today considered and approved the interim report of Global Dental Insurance A/S for the period 1 January to 30 June 2017.

The interim report is presented in accordance with the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2017 and of its financial performance for the period 1 January to 30 June 2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

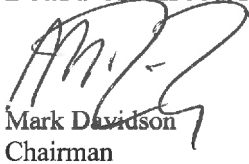
Gentofte, 13 August 2017

Executive Board



Jesper Kjeldsgaard Haugbølle
Chief Executive Officer

Board of Directors

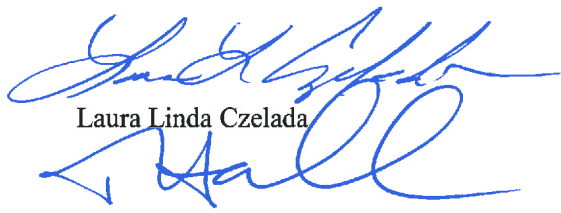


Mark Davidson
Chairman



Steen Bo Jørgensen

Jonathan Stong Groat



Laura Linda Czelada



Toby Lincoln Hall

Management commentary

Primary activities

The Company's primary activity is insurance within classes of insurance 2: Accident and health insurance - Dental insurance.

Global Dental Insurance has an exclusive relationship with its sister company Dansk Tandforsikringsadministration ApS. Dansk Tandforsikringsadministration ApS acts as third party administrator for Global Dental Insurance and provides assistance with sales, customer services and claims handling.

Development in activities and finances

Results

The management is unsatisfied with the negative result but understands that this is a realistic scenario with a startup developing insurance company. The negative result is not a result from adverse risks or a high volume of claims, but due to the high level of cost of starting up operations. Management believes that once the company has grown to a more mature level the costs will proportionally normalize to a more acceptable level.

The premium income has grown considerably the first half of 2017 and will grow aggressively in the second half of 2017. Starting April 1, Finansforbundet negotiated a new collectivewage agreement with the banks, which included dental insurance for all employees from July 1. The company has been successful in acquiring a substantial number of new clients and is encouraged about further future developments.

Solvency

The management believes that the company's solvency position exceeds the requirements and that the company can meet all its obligations.

Private Market

While the focus has been on the corporate market in 2017, the company is still interested in the private market. The company will review its strategy for the individual market in the second half of 2017 and decide on its market approach of this segment for 2018.

Corporate Market

The effort put into developing the employer market in 2016 has materialized and we have seen a large growth in this segment and expect that this growth will continue. We are encouraged that the market is showing an interest similar to private health insurance that dental insurance will become an accepted employee benefit.

Insurance Market

As a specialist in dental insurance and being a member of a group of dental insurance companies in the US with nearly 60 years of experience, GDI, through its sister company Dansk Tandforsikring, is the ideal partner for established, traditional insurance companies. We launched our first partnership in November 2015 and have developed more relationships in 2017.

Management commentary

Significant risks and uncertainties

Business risks

There are five major risks and uncertainties: Since the product is new on the market the early purchasers are possibly not the healthiest from a risk perspective. This could evolve in adverse selection. Global Dental Insurance does have underwriting procedures and claims controls in place which can decrease this risk. Over time, once the number of policyholders has increased this risk will decrease.

An uncertainty is whether the Danish market responds to the marketing activities and to the introduction of the product by purchasing dental insurance. All initial indicators and reactions are fortunately positive.

A third risk is that the subscribers either cancel their policy or decide not to renew their policy, which will impact the gross premium and the growth of the Company.

A fourth risk is the interest rate risk. The Danish interest rate is below zero and will possibly increase in the foreseeable future. This will impact our bond portfolio. To protect us, we have invested in bonds with a short duration. This way, we do not expect major shocks to the value of our portfolio.

A fifth risk is the level of competition. As soon as market matures it attracts competition. As a specialist the company needs to prepare itself for this stage.

Outlook

Management is encouraged by the adoption of dental insurance as employee benefit by employer groups and expects the company to grow considerably in this segment in 2017 and in the years to come. Research is taking place to investigate the market potential in other countries.

Corporate social responsibility

Compliance is of major importance to the Company. All policies, procedures and guidelines comply with what can be expected of a new and innovative company. Internal controls ensure that employees and third party organizations are aligned with what the Company expects.

The interim report is unaudited and has not been reviewed by the company's auditors.

Income statement for the period from 1 January to 30 June 2017

	<u>Notes</u>	<u>01.01. - 30.06.2017 DKK</u>	<u>01.01. - 30.06.2016 DKK'000</u>	<u>01.01. - 31.12.2016 DKK'000</u>
Gross premiums		10.426.728	5.493	10.401
Change in premium provisions		<u>(3.590.360)</u>	<u>(880)</u>	<u>(1.128)</u>
Premium income net of reinsurance		<u>6.836.368</u>	<u>4.612</u>	<u>9.273</u>
Insurance technical interest		<u>(6.952)</u>	<u>(2)</u>	<u>(5)</u>
Claims paid		(3.660.695)	(1.607)	(4.367)
Change in claims provisions		(453.096)	(57)	(332)
Change in risk margin		<u>(38.433)</u>	<u>(5)</u>	<u>(28)</u>
Total costs of claims net of reinsurance		<u>(4.152.224)</u>	<u>(1.669)</u>	<u>(4.727)</u>
Acquisition costs		(2.273.962)	(2.669)	(4.035)
Administrative expenses		<u>(799.571)</u>	<u>(662)</u>	<u>(1.617)</u>
Total insurance operating costs, net of reinsurance		<u>(3.073.533)</u>	<u>(3.331)</u>	<u>(5.653)</u>
Technical result		<u>(396.341)</u>	<u>(389)</u>	<u>(1.112)</u>
Interest income and dividends		472.883	476	954
Value adjustments		(307.807)	(460)	(910)
Interest paid		(657)	(12)	(19)
Administration expenses in connection with investment activities		<u>(33.240)</u>	<u>(48)</u>	<u>(139)</u>
Total investment return		<u>131.179</u>	<u>(44)</u>	<u>(114)</u>
Return and value adjustments on insurance provisions		<u>7.895</u>	<u>2</u>	<u>5</u>
Investment return after return and value adjustments on insurance provisions		<u>139.073</u>	<u>(42)</u>	<u>(108)</u>
Profit/loss before tax		<u>(257.268)</u>	<u>(431)</u>	<u>(1.220)</u>
Tax		<u>0</u>	<u>0</u>	<u>0</u>
Profit/loss for the year		<u>(257.268)</u>	<u>(431)</u>	<u>(1.220)</u>
Other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u><u>(257.268)</u></u>	<u><u>(431)</u></u>	<u><u>(1.220)</u></u>

Balance sheet at 30 June 2017

	<u>Notes</u>	<u>30.06.2017</u> <u>DKK</u>	<u>30.06.2016</u> <u>DKK'000</u>	<u>31.12.2016</u> <u>DKK'000</u>
Bonds		<u>36.261.091</u>	<u>33.743</u>	<u>35.465</u>
Total investment assets		<u>36.261.091</u>	<u>33.743</u>	<u>35.465</u>
Receivables from policyholders		4.164.074	3.078	2.257
Receivables from group undertakings		681.949	0	344
Other receivables		<u>1.549.137</u>	<u>754</u>	<u>2.039</u>
Total receivables		<u>6.395.161</u>	<u>3.832</u>	<u>4.640</u>
Total assets (cash equivalent)		4.799.886	7.418	5.696
Deferred tax assets		<u>0</u>	<u>0</u>	<u>0</u>
Total other assets		<u>4.799.886</u>	<u>7.418</u>	<u>5.696</u>
Interest and rent receivable		<u>370.425</u>	<u>420</u>	<u>242</u>
Total accruals and deferred income		<u>370.425</u>	<u>420</u>	<u>242</u>
Total assets		<u><u>47.826.564</u></u>	<u><u>45.413</u></u>	<u><u>46.044</u></u>

Balance sheet at 30 June 2017

	<u>Notes</u>	<u>30.06.2017</u> <u>DKK</u>	<u>30.06.2016</u> <u>DKK'000</u>	<u>31.12.2016</u> <u>DKK'000</u>
Share capital equivalent funds		42.000.000	42.000	42.000
Profit or loss brought forward		<u>(3.250.572)</u>	<u>(2.204)</u>	<u>(2.993)</u>
Total equity		<u>38.749.428</u>	<u>39.796</u>	<u>39.007</u>
Premium provisions		6.034.408	2.196	2.444
Claims provisions		1.271.734	545	820
Risk margin		<u>108.097</u>	<u>46</u>	<u>70</u>
Total provisions for insurance contracts		<u>7.414.240</u>	<u>2.788</u>	<u>3.333</u>
Creditors arising out of direct insurance operations		645.201	1.917	1.721
Amount payable to group undertakings		21.646	0	6
Other debt		<u>55.511</u>	<u>145</u>	<u>309</u>
Debt		<u>722.358</u>	<u>2.062</u>	<u>2.036</u>
Accruals and deferred income		<u>940.538</u>	<u>767</u>	<u>1.668</u>
Total equity and liabilities		<u><u>47.826.564</u></u>	<u><u>45.413</u></u>	<u><u>46.044</u></u>
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Statement of changes in equity for first half of 2017

	Share capital DKK	Retained earnings DKK	Total DKK
Equity at 31.12.2015	42.000.000	(1.731.035)	40.268.965
Effect of new executive order on accounting	0	(41.866)	(41.866)
Adjusted equity at 31.12.2015	<u>42.000.000</u>	<u>(1.772.901)</u>	<u>40.227.099</u>
Profit/loss for the year	0	(1.220.403)	(1.220.403)
Other total income	0	0	0
Total income	<u>0</u>	<u>(1.220.403)</u>	<u>(1.220.403)</u>
Equity at 31.12.2016	42.000.000	(2.993.304)	39.006.696
Equity at 31.12.2016	42.000.000	(2.993.304)	39.006.696
Profit/loss for the year	0	(257.268)	(257.268)
Other total income	0	0	0
Equity at 30.06.2017	<u><u>42.000.000</u></u>	<u><u>(3.250.572)</u></u>	<u><u>38.749.428</u></u>

Base capital equals equity.

Solvency requirement equalling the minimum capital requirement amounts to EUR 2.5 million.

Notes

1. Accounting policies

This annual report is presented in accordance with the provisions of the Danish Financial Business Act and the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession specific pension funds.

The accounting policies applied for these financial statements are as follows.

The Danish executive order on Financial statements for insurance companies and pension funds has been adapted to the new EU Solvency Rules, Solvency II. The new rules took effect on 1 January 2016.

Solvency II sets down the basic principles for calculation of insurance provisions:

- Best estimate of the present value of expected future cash flows for incurred insurance
- A risk margin to cover the risk of deviation between best estimate and final execution of future cash flows
- An interest rate curve laid down for Solvency II. Global Dental Insurance uses the interest rate curve without adjustments.

Notes

2. Key Figures

	1. half of 2017	1. half of 2016	1. half of 2015	1. half of 2014
Profit and Loss				
Gross premiums	10.426.728	4.612.474	767.429	0
Gross claims incurred	(4.152.224)	(1.668.844)	(546.192)	0
Total operating expenses	(3.073.533)	(3.330.677)	(650.248)	(108.659)
Result of reinsurance (=net cost)	0	0	0	0
Underwriting result	(396.341)	(389.163)	(430.424)	(108.659)
Profit/loss of investment after transfer of technical interest	139.160	(41.617)	(1.057.678)	22.651
Profit for the year	(257.268)	(430.780)	(1.145.214)	(73.737)
Gross run-off profit/loss	1.110	175.895	0	0
Run-off profit/loss, net of reinsurance	1.110	175.895	0	0
Assets and Liabilities				
Insurance assets	0	0	0	0
Technical provisions	7.414.240	2.787.567	1.312.843	0
Capital and reserves at period-end	38.749.428	39.796.319	40.781.049	41.926.263
Total assets	47.826.564	45.412.862	44.591.529	42.034.922
Key figures				
Gross claims ratio	60.7%	36.2%	67.4%	-
Gross expense ratio	45.0%	72.2%	84.7%	-
Reinsurance ratio	0%	0%	0%	-
Combined ratio	105.7%	108.4%	152.1%	-
Operating ratio	105.8%	108.4%	152.4%	-
Relative run-off result	0.1%	36,0%	0%	-
Return on capital and reserves	-0.7%	-1.1%	-2.6%	-0.2%
Solvency cover	208%	211%	217%	N/A