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Haamann
statsautoriserede revisorer

balticfinance Holding ApS

Dronning Olgas Vej 26A, st.
2000 Frederiksberg

CVR no. 27 95 99 46

Annual Report 2022/23

The Annual Report was presented and adopted at the company's annual general meeting on:

27 February 2024

Klaus Krützfeldt
Chairman

Haamann
statsautoriserede revisorer

ANNUAL REPORT 2022/23
(19. financial year)

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COMPANY INFORMATION

Company
balticfinance Holding ApS
Dronning Olgas Vej 26A, st.
2000 Frederiksberg

Company registretion number (CVR-no.)
27 95 99 46

Financial year
1 October - 30 September

Principal activities
The group's principal activities consist of insurance agency business in Denmark and Germany.

Executive Board
Klaus Krützfeldt
Peter Bangsgaard

The company's auditor
Haamann A/S, State Authorized Public Accountant Firm
Vojensvej 11
2610 Rødovre
Denmark
CVR-no. 24 25 69 95

MANAGEMENT'S STATEMENTS

The Executive Board has today discussed and approved the annual report for the financial year 1 October 2022 - 30 September 2023 for balticfinance Holding ApS.

The annual report is presented in accordance with 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 Group and the Parent Company's financial position at 30 September 2023 and of the results of the Group and the Parent Company's operations, as well as consolidated statement of cash flows for the financial year 1 October 2022 - 30 September 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position

We recommend that the annual report and the proposed distribution of profit/loss be approved at the annual general meeting

Copenhagen, 16 February 2024

Executive Board:

Klaus Krützfeldt

Peter Bangsgaard

INDEPENDENT AUDITOR'S REPORT

To the shareholders of balticfinance Holding ApS

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of balticfinance Holding ApS for the financial year 1 October 2022 - 30 September 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows.

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 30 September 2023, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 October 2022 - 30 September 2023 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 con cern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on basis the Financial Statements.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

Rødovre, 16 February 2024

Haamann A/S
State Authorized Public Accountant Firm
CVR.no. 24 25 69 95

Jan Bøllingtoft Asmussen
State Authorized Public Accountant
mne28638

MANAGEMENT'S REVIEW

Group

Financial highlights and ratios

Income statement (DKK '000)	**2022/23**	**2021/22**
Gross profit	96.974	56.924
Operating profit	69.287	44.536
Net financials	-3.264	480
Profit before tax	66.077	45.025
Net profit for the year	48.765	34.691
Balance sheet (DKK '000)		
Balance sheet total	230.145	191.361
Purchase of property, plant and equipment	975	82
Equity	56.376	46.593
Employees		
Average number of employees	26	24
Financial ratios (%)		
Return on invested capital	32,9	35,1
Equity ratio	24,5	24,3
Return on equity	94,7	89,0

Please refer to "Accounting policies" for the definitions and calculations of financial ratios.

MANAGEMENT'S REVIEW

The Group's principal activities

The group's principal activities consist of insurance agency business in Denmark and Germany.

Uncertainty as to recognition and measurement

No material uncertainties have affected the annual report.

Exceptional circumstances

No exceptional circumstances have occurred in the financial year.

Development in activities and financial affairs

The group's gross profit in 2022/23 was DKK 97.0 million compared to 56.9 million in 2021/22. The increase in gross profit of 70% is primarily a result of the high level of activity in the financial year.

In the financial year, the company achieved a significant higher profit before tax of DKK 66.1 million compared to DKK 45.0 million in 2021/22.

The overall result is described as satisfactory in relation to expectations.

At the time of submitting the annual report, the group's management expects an increase of 10-15% in sales activity in the coming year, as a result of the currently known level of activity.

Management expects an increase in profit before tax with 15-20% for the coming year.

Knowledge resources

The company's knowledge resources are distributed over a number of staff members with long seniority.

Risk management

Management is continuously working to identify and assess the commercial and financial risks associated with the company's activities within the insurance agency industry. It is the company's strategy, through a defined risk management, to minimize and hedge risks commercially and financially.

Commercial risks

The company's most important activities lie within agent sales activities with known risks.

The company do not have any risks reletated to the insurance products sold, since these remains with the insurance companies.

Price risks

The company earns commission based on agreed commission rates and market premiums on the insurance products sold.

The company pays commission to agents and brokers based on same market terms and expenses will therefore follow the changes in the income streams.

Currency risks

The company primarily settles transactions in DKK (>90%), therefore currency fluctuations will not materially affect the company's financial position.

MANAGEMENT'S REVIEW

Interest rate risks

Management has always focused on being a financially sound partner. The solvency ratio is close to 40% excl. client funds and the company finances its own capital investments, e.g. by the use of earn out deal structure. As of 30 September 2023, the interest-bearing debt on the Company's operating credit amounts to DKK 0 million, and a change in the interest rate level compared to the balance sheet date will only have a limited impact on the Company's profit and equity.

Credit risks

The group's receivables from sales to customers are exposed to usual credit risk.

Insurance products sold are normally settled on time by the customers.

Impact on the external environment

As a sales office, our activities only have limited impact on the environment.

However, on the basis of our environmental and climate policy, we have a continual focus on minimising our negative impact on the climate and environment to the greatest extent possible and we are working to reduce energy consumption.

Research and development (R&D) activities

The group does not engage in any research and development activities.

Branches

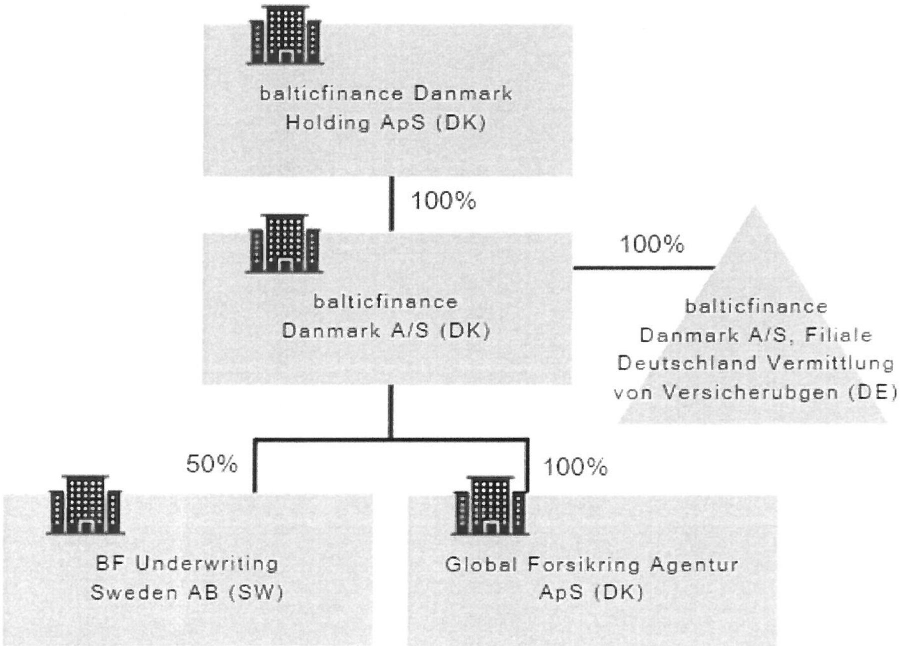
The group has a branch in Germany: balticfinance Danmark A/S, Filiale Deutschland Vermittlung von Versicherubgen, involved in insurance agency business in the German market.

Events occurring after the end of the financial year

The company has accquired the shares of Din Forsikrings Agent ApS in December 2023, a company also involved in insurance agency business in Denmark.

MANAGEMENT'S REVIEW

Group structure



INCOME STATEMENT
1 October 2022 - 30 September 2023

		Group		Parent Company	
	Note	2022/23 DKK	2021/22 1.000 DKK	2022/23 DKK	2021/22 1.000 DKK
Gross profit		96.973.548	56.924	-101.030	-10
Staff costs	1	-19.233.947	-11.402	0	0
Amortization and depreciation		-8.452.817	-986	0	0
Operating profit and loss		69.286.784	44.536	-101.030	-10
Profit or loss from subsidiaries		0	0	49.071.989	34.731
Profit or loss participating interests		54.576	9	0	0
Financial income	2	968.790	962	201.267	0
Financial expenses	3	-4.233.027	-482	-384.685	-35
Profit before tax		66.077.123	45.025	48.787.541	34.686
Tax on profit for the year	4	-17.311.629	-10.334	-22.047	5
Net profit for the year		48.765.494	34.691	48.765.494	34.691
Proposal for the distribution of net profit	5				

BALANCE 30 September 2023

ASSETS	Note	Group 2022/23 DKK	Group 2021/22 1.000 DKK	Parent Company 2022/23 DKK	Parent Company 2021/22 1.000 DKK
Fixed assets					
Intangible assets	6				
Goodwill		55.865.032	61.888	0	0
Completed development projects		814.595	3.002	0	0
		56.679.627	64.890	0	0
Property, plant and equipment	7				
Fixtures, fittings, tools and equipment		1.137.018	496	0	0
Financial assets	8				
Investments in group enterprises		0	0	56.117.689	46.627
Participating interests		198.225	144	0	0
Other receivables		0	6.000	0	0
Deposits		246.500	240	0	0
		444.725	6.384	56.117.689	46.627
Fixed assets, total		58.261.370	71.770	56.117.689	46.627
Current assets					
Receivables					
Trade receivables		26.713.290	17.118	0	0
Tax receivables from group enterprises		0	0	26.967.432	9.284
Receiveables from group enterprises		53.642.238	34.461	0	0
Deferred tax asset	9	929.000	0	0	0
Prepaid expenses	10	864.887	787	0	0
		82.149.415	52.366	26.967.432	9.284
Cash and cash equivalents		89.734.420	67.225	2.262	0
Current assets		171.883.835	119.591	26.969.694	9.284
Total assets		230.145.205	191.361	83.087.383	55.911

BALANCE 30 September 2023

LIABILITIES AND EQUITY	Note	Group 2022/23 DKK	Group 2021/22 1.000 DKK	Parent Company 2022/23 DKK	Parent Company 2021/22 1.000 DKK
Equity	11				
Share capital		125.000	125	125.000	125
Reserve for net revaluation according to equity method		0	0	55.992.689	6.903
Translation reserve		18.386	0	0	0
Retained earnings		56.232.708	7.468	258.405	565
Proposed dividends for the financial year		0	39.000	0	39.000
Total equity		56.376.094	46.593	56.376.094	46.593
Provisions					
Provisions for deferred tax	9	0	828	0	0
Liabilities					
Long-term liabilities other than provisions	12				
Corporation tax		16.684.015	10.789	16.684.015	9.049
Other long-term payables		42.193.770	47.385	0	0
		58.877.785	58.174	16.684.015	9.049
Short-term liabilities other than provisions					
Current portion of non-current liabilities		6.528.297	16.426	0	0
Trade payables		15.613.922	12.789	110.000	10
Client funds		80.779.531	55.408	0	0
Payables to group enterprises		145.767	19	711.563	248
Corporation tax		10.566.723	291	9.205.711	11
Other payables		1.257.086	833	0	0
		114.891.326	85.766	10.027.274	269
Total liabilities		173.769.111	143.940	26.711.289	9.318
Total liabilities and equity		230.145.205	191.361	83.087.383	55.911

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STATEMENT OF CHANGES IN EQUITY

Group:

	Share capital	Translation reserve	Retained earnings	Proposed dividends for the financial year	Total
Equity 1 October 2022	125.000	-199	7.467.214	39.000.000	46.592.015
Currency adjustments		18.585			18.585
Dividend paid				-39.000.000	-39.000.000
Net profit for the year			48.765.494	0	48.765.494
Equity 30 September 2023	125.000	18.386	56.232.708	0	56.376.094

Parent Company:

	Share capital	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 Oktober 2022	125.000	6.902.115	564.900	39.000.000	46.592.015
Currency adjustment		18.585			18.585
Dividend paid		0		-39.000.000	-39.000.000
Net profit of the year		49.071.989	-306.495	0	48.765.494
Equity 30 September 2023	125.000	55.992.689	258.405	0	56.376.094

CASH FLOW STATEMENT

	Note	2022/23 DKK	2021/22 1.000 DKK
Gross profit		96.973.548	56.924
Costs		-19.233.947	-11.402
Changes in working capital	17	19.056.407	35.126
Operating cash flow before financial items		96.796.008	80.648
Interest paid classified as operating activities		-785.010	-401
Income tax paid		-2.897.399	-8.661
Cash flows from operations (ordinary activites)		93.113.599	71.586
Acquisition of property, plant and equipment		-975.400	-82
Acquisition of financial asset, etc.		-6.406	-65
Cash flows from investing activities		-981.806	-147
Repayment of debt to group enterprises		-12.315.275	-31.818
Repayment of other long-term debt		-18.307.596	0
Dividend paid		-39.000.000	-19.450
Cash flows from financing activities		-69.622.871	-51.268
Cash flows for the year		22.508.922	20.171
Cash and cash equivalents, start of year		67.225.498	47.054
Cash and cash equivalents, end of year		89.734.420	67.225

NOTES

	Group		Parent Company	
	2022/23 DKK	2021/22 1.000 DKK	2022/23 DKK	2021/22 1.000 DKK
1. Staff costs				
Wages and salaries	16.706.077	9.768	0	0
Pensions	2.156.537	1.230	0	0
Social security costs	371.333	404	0	0
	19.233.947	11.402	0	0

Consideration to the executive Board and the Board of directors is not disclosed with reference to section 98 b (3) of the Danish Financial Statements Act.

No special incentive programs are provided for members of management.

Average number of employees	26	24	0	0

2. Financial income				
Group enterprises	739.291	881	0	0
Other financial income	229.499	81	201.267	0
	968.790	962	201.267	0
3. Financial expenses				
Group enterprises	0	8	0	11
Other financial expenses	4.233.027	474	384.685	24
	4.233.027	482	384.685	35
4. Tax on profit for the year				
Estimated tax for the taxable income of the year	19.069.048	10.470	22.047	-5
Adjustment of deferred tax	-1.757.419	-136	0	0
	17.311.629	10.334	22.047	-5
5. Proposal for the distribution of net profit				
Dividend for the financial year	0	39.000	0	39.000
Net revaluation using the equity method	0	0	49.071.989	34.731
Retained earnings	48.765.494	-4.309	-306.495	-39.040
	48.765.494	34.691	48.765.494	34.691

NOTES

6. Intangible assets

Group:

	Goodwill	Development projects
Cost price 1 October 2022	62.390.378	5.715.585
Additions	0	0
Cost price 30 September 2023	62.390.378	5.715.585
Amortization 1 October 2022	501.950	2.802.500
Amortization of the year	6.023.396	2.098.490
Amortization 30 September 2023	6.525.346	4.900.990
Carrying amount 30 September 2023	55.865.032	814.595

7. Property, plant and equipment

Group:

	Fixtures, fittings, tools and equipment
Cost price 1 October 2022	1.281.117
Currency adjustments	2.161
Additions	975.400
Disposals	-13.391
Cost price 30 September 2023	2.245.287
Depreciation 1 October 2022	786.293
Currency adjustments	1.759
Depreciation of the year	330.931
Reversal of depreciation of divested assets	-10.714
Depreciation 30 September 2023	1.108.269
Carrying amount 30 September 2023	1.137.018

NOTES

8. Financial assets

Group:

	Participating interests	Deposit
Cost price 1 October 2022	65.097	240.094
Additions	0	6.406
Cost price 30 September 2023	65.097	246.500
Value adjustments 1 October 2022	78.552	0
Result of the year	54.576	0
Value adjustments 30 September 2023	133.128	0
Carrying amount 30 September 2023	198.225	246.500

Subsidiary companies:	Legal structure	Ownership interest
balticfinance Danmark A/S	Company	100,0%
balticfinance Danmark A/S, Filiale Deutschland Vermittlung von Versicherubgen, Germany	Branch	100,0%
GLOBAL FORSIKRING AGENTUR ApS	Company	100,0%
Participating interests:		
BF Underwriting Sweden AB, Sweden	Company	50,0%

Parent Company:

	Investments in subsidiary companies
Cost price 1 October 2022	125.000
Cost price 30 September 2023	125.000
Value adjustments 1 October 2022	46.502.115
Currency adjustments	18.585
Result of the year	49.071.989
Dividend	-39.600.000
Value adjustments 30 September 2023	55.992.689
Accounting value 30 September 2023	56.117.689

Subsidiary companies:	Legal structure	Ownership interest
balticfinance Danmark A/S	Company	100,0%

NOTES

	2022/23 DKK	2021/22 1.000 DKK	2022/23 DKK	2021/22 1.000 DKK
9. Deferred tax asset				
Carrying amount 1 October 2022	-828.419	-964	0	0
Adjustment of deferred tax in income statement	1.757.419	136	0	0
Carrying amount 30 September 2023	929.000	-828	0	0

10. Prepaid expenses

Prepaid expenses are primarily related to insurance and staff.

11. Equity

The share capital is divided into 125 shares of DKK 1.000 having one vote each.

12. Long-term liabilities other than provisions

For long-term liabilities, DKK 19,0 million is due for payment after 5 years.

13. Contingent liabilities etc.

Parent Company:

The company is part of a joint taxation. The company is liable unlimited and jointly with the parent company balticfinance Holding ApS and Danish group companies for Danish corporation tax etc. within the joint taxation. Any subsequent correction may result in the company's liability amounting to a larger amount.

Group:

As part of the ordinary business, the group has entered long term agreements with external agents that involve significant future commission obligations.

	2022/23 DKK
Operating leases:	
Properties	1.137.071
Cars	1.775.545
	2.912.616
Operating leases fall due as follows:	
0-1 year	2.693.866
1-5 years	218.750
> 5 years	0
	2.912.616

14. Collaterals and assets pledges as security

Cash, cash equivalents pledged as clients funds DKK 80,8 million.

NOTES

15. Related parties

Ownership:

The following shareholder has been registered in the Company's register of shareholders, cf. section 55 of the Danish Companies Act.

Nordic Concepts GmbH, Germany.

Control:

Nordic Concepts GmbH, Germany, parent

Pursuant to section 98 c (7) of the Danish Financial Statements Act trading and transactions were conducted with related parties at arm's length.

16. Events occurring after the end of the financial year

The company has accquired the shares of Din Forsikrings Agent ApS in December 2023, a company also involved in insurance agency business in Denmark.

	2022/23 DKK	2021/22 1.000 DKK
17. Cash flow statement - change in working capital		
Change in client fonds	25.371.843	48.042
Change in receivables	-9.562.457	-12.566
Change in trade payables and other payables	3.247.021	-350
	19.056.407	35.126

ACCOUNTING POLICIES

The Annual Report of balticfinance Holding ApS for 2022/23 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to middelsize enterprises of reporting class C (mellemstor).

The transition to reporting class C have increased the disclosures in the Notes but the accounting policies applied remain unchanged from last year.

General principles for recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future financial benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequent to initial recognition, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, foreseeable risks and losses arising before the annual report is presented and proving or disproving matters existing on the balance sheet date are taken into consideration.

CONSOLIDATED ACCOUNTS

Control

The consolidated financial statements include the Parent Company balticfinance Holding ApS and subsidiaries which balticfinance Holding ApS controls.

Control means the power to control the financial and operational decisions of a subsidiary. In addition, requirements apply concerning the possibility of achieving financial returns on the investment. In assessing whether a parent company has control, de facto control is also taken into account.

The existence of potential voting rights that may be used or converted to further voting rights are included in the assessment of whether a company can obtain the power to control the financial and operational decisions of another company.

ACCOUNTING POLICIES

Significant influence

Companies in which the Group can exercise significant influence on financial and operational decisions are classified as participating interests. Significant influence is deemed to exist when the Parent Company directly or indirectly holds or controls more than 20% of the voting rights but does not control it.

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

Utilization of exemption provisions

In the 2022/23 financial year, all subsidiaries are consolidated. A group chart can be seen on page 8.

Preparation of the consolidated financial statements

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements in accordance with the Group's accounting policies with the elimination of intragroup income and costs, shareholdings, intercompany balances, dividends and realised and unrealised gains on transactions between the consolidated companies. Unrealised gains on transactions with participating interests are eliminated in proportion to the Group's equity investment in the company. Unrealised losses are eliminated in the same way as unrealised gains unless they do not indicate impairment.

Equity in participating interests is recognised in the consolidated financial statements in accordance with the equity method.

Business combinations

Newly acquired or newly established companies are included in the consolidated financial statements from the acquisition date. Sold or liquidated companies are included in the consolidated income statement until the disposal date. Comparative figures are not restated for newly acquired, sold or liquidated companies. Nevertheless, discontinued activities are presented separately.

When acquiring new companies where control is obtained, the acquisition method is used. The identifiable assets, liabilities and contingent liabilities of the acquired companies are measured at fair value at the acquisition date. Identifiable intangible assets are recognised provided they are separable or arise from contractual rights and the fair value can be reliably measured. Deferred tax on the revaluations made is recognised.

The acquisition date is the date on which balticfinance Holding ApS actually obtained control of the acquired company.

Positive differences (goodwill) between the acquisition cost, the value of non-controlling interests in the acquired company and the fair value of any previously acquired equity on the one hand and the fair value of the acquired identifiable assets, liabilities and contingent liabilities on the other are recognised as goodwill under intangible assets. Goodwill is amortised on a straight-line basis in the income statement following an individual assessment of the economic life.

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

Upon acquisition, goodwill is allocated to cash-generating units that subsequently form the basis of the impairment test. Goodwill and fair value adjustments in connection with the acquisition of foreign entities with a functional currency other than the Group's presentation currency are treated as assets and liabilities of the foreign entity and converted to the foreign entity's functional currency on initial recognition at the transaction date.

ACCOUNTING POLICIES

The consideration paid for a company consists of the fair value of the agreed consideration in the form of assets acquired, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed conditions, such part of the consideration is recognised at fair value at the acquisition date. Subsequent adjustments of contingent considerations are recognised in the income statement. Costs attributable to business combinations are recognised directly in the income statement as incurred.

If uncertainties concerning the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration exist, at the acquisition date, initial recognition will take place based on provisional values. If it turns out subsequently that the identification or measurement of the 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. Goodwill is not subsequently adjusted. Changes in estimates of contingent considerations are recognised directly in the income statement.

Gains and losses from the disposal or liquidation of subsidiaries and participating interests are calculated as the difference between the selling price or settlement price and the carrying amount of net assets, including goodwill, at the disposal date and costs for disposal or liquidation.

INCOME STATEMENT

Revenue

Gross profit is made up of net sales less the direct sales costs attributable to net sales and less other external costs. Other operating income and expenses comprise items of a secondary nature to the principal activity of the company.

Income from the sale of insurance products and services is recognised in the income statement from the date of delivery and when the risk has passed to the buyer and it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Other external expenses

Other external expenses include expenses concerning distribution, sale, losses on debtors, auto operations, facilities, small purchases, administration, operational leasing costs etc.

Staff costs

Staff costs include wages and salaries, incl. holiday pay and pensions, as well as other social security costs, etc. of the company's employees.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses realised and unrealised currency gains and losses etc.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax. Current and deferred tax regarding changes in equity is recognised directly in equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible assets
Goodwill is initially recognised in the balance sheet at cost as described under "business combinations". Subsequently, goodwill is measured at cost less accumulated amortisation and impairment losses or at the recoverable amount if this is lower.

Goodwill is amortised over the estimated economic life determined based on Management's experience within each business area. Goodwill is amortised on a straight-line basis over the amortisation period, which has been determined to be 10 years. The amortisation period has been determined based on an anticipated repayment period of 10 years, as it relates to strategically acquired companies with a strong market position and a long-term earnings profile.

Development projects comprise expenditures, including staff and depreciation directly attributable to the company's development activities, and fulfill the criteria for recognition.

Capitalised development costs are measured at cost less accumulated amortization or recoverable amount, if this is lower.

Capitalised development costs are amortized on a straight-line basis after completion of development work over the expected economic life, usually estimated at 5-10 years.

Tangible assets
Fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation.

Cost comprises acquisition price and costs directly related to acquisition until the time when the company starts using the asset.

Non-current assets are depreciated on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life:	Residual value:
Fixtures, fittings, tools and equipment	3-7 years	0-10%

Gains or losses on disposal of non-current assets are recognised in the income statement under 'other operating income' or 'other operating costs'.

Leases
Leases regarding property, plant and equipment, where the company has all essential risks and benefits associated with the ownership (financial leasing), are included in the balance sheet as assets. The assets are initially measured at initial cost at the fair value or (if lower) at the present value of future payments. For the calculation of the present value, the lease agreement's internal rate is used as a discount factor or an approximate value for this. Financial leased assets are depreciated as other similar tangible assets.

The capitalized residual lease obligation is recognized in the balance sheet as a liability, and the lease payments interest rate is recognized over the term of the contract in the income statement.

Other leases are considered as operating leases. Services relating to operating leases and other lease agreements are recognized in the income statement over the term of the contract. The company's total liabilty relating to operating leases and other lease agreements is disclosed under contigencies etc.

ACCOUNTING POLICIES

Financial assets

Equity investments in group enterprises, participating interests are measured using the equity method in the parent company financial statements. The Company has chosen to consider the equity method a consolidation method.

The profit and loss account for the group enterprises and participating interests is recognized in the income statement.

On initial recognition, equity investments in group enterprises and participating interests are measured at cost. The cost is allocated in accordance with the acquisition method, cf. the aforementioned accounting policies applicable to the consolidated financial statements.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in values and goodwill, if any, compared to the underlying company's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividends received are deducted from carrying amount.

Equity investments in group enterprises and participating interests measured at net asset value are subject to impairment test requirements if there is an indication of impairment.

Long-term receivables are measured at amortized cost, which usually corresponds to the nominal value. The value is reduced using write-downs to meet expected losses.

Deposits are recognised in the balance sheet at cost.

Impairment of assets

The carrying amount of non-current assets are assessed annually for indications of impairment exceeding amortization and depreciation.

Where indications of impairment exist, an impairment test is performed for each individual asset or group of assets. Where the recoverable amount is lower than the carrying amount, the carrying amount is written down to the recoverable amount.

The recoverable amount is the higher of the net selling price and the value in use. The value in use is determined as the present value of expected net cash flows from the use of the asset or the group of assets and expected net cash flows from sale of the asset or asset group at the end of the useful life.

Receivables

Receivables are measured at amortised cost, usually corresponding to nominal value. The value is reduced by impairment losses for bad and doubtful debts.

Prepaid expences

Prepaid expences recognised under assets comprise of paid costs, for the subsequent financial years.

ACCOUNTING POLICIES

Client funds

Client funds, which are reported as assets and liabilities in the balance sheet, represent cash received on collection of insurance premiums on behalf of a client and payable to the client within a specified period. Client funds are liquid funds with a restricted disposition right. The same amount is reported as a liability.

Equity

The net revaluation reserve according to the equity method includes net revaluation of equity investments in subsidiaries and participating interests relative to cost.

The reserve can be eliminated in the event of a loss, realisation of equity investments or changes to accounting estimates.

These reserves cannot be recognised at a negative amount.

The translation reserve comprises foreign exchange differences arising on translation of financial statements of entities that have a functional currency different from DKK, foreign exchange adjustments of assets and liabilities considered part of the Group's net investments in such entities.

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.

Tax payable and deferred tax

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

Deferred tax is measured under the balance-sheet liability method for temporary differences between the carrying amount and the tax base of assets and liabilities. In those cases, e.g. in respect of shares where the calculation of the tax value can be made according to alternative tax rules, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Any net deferred tax assets are measured at net realisable value.

Deferred tax is measured on the basis of the tax regulations and rates that according to the rules in force at the reporting date, will be applicable at the time when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement. For the current year, a tax rate of 22% has been applied.

Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost corresponding to the capitalised value using the effective interest rate, entailing that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other debt is measured at amortised cost, usually corresponding to nominal value.

ACCOUNTING POLICIES

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 in recognised in the income statement as financial income or financial expenses.

On the recognition of foreign subsidiaries that are seperate entities, the income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

CASH FLOW STATEMENT

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

Cash flow from operating activities

Cash flows from operating activities are determined as the net profit for the year adjusted for non-cash operating items, changes in working capital and income tax paid.

Cash flow from investing activities

Cash flows from investing activities include payments related to the acquisition and sale of subsidiaries and activities and the acquisition and sale of intangible assets, property, plant and equipment and other non-current assets.

Cash flow from financing activities

Cash flows from financing activities include changes in the size or composition of share capital and costs incidental thereto and raising of loans, repayments on interest-bearing debt and distribution of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents include cash.

ACCOUNTING POLICIES

FINANCIAL RATIOS

The financial ratios stated in the summary of financial highlights are calculated as follows:

Equity ratio	$\frac{\text{Equity, end of year x 100}}{\text{Total liabilities, end of year}}$
Return of equity	$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$
Return on invested capital	$\frac{\text{Operating profit or loss x 100}}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$