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# *Arch Re Underwriting ApS*

Frederiksgade 19, DK-1265 Copenhagen

## Annual Report for 2023

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CVR No. 30 19 42 84

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 30/6 2024

Jens Steen Jensen  
Chairman of the  
general meeting



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company information	4
Management's Review	5
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	6
Balance sheet 31 December	7
Statement of changes in equity	9
Notes to the Financial Statements	10

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Arch Re Underwriting ApS for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 30 June 2024

## Executive Board

Per Hellstrand  
Manager

## Board of Directors

Soren Scheuer  
Chairman

Jerome Yves Stephane Henri  
Halgan

Michael Hammer-Dahinden

# Independent Auditor's report

To the shareholder of Arch Re Underwriting ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Arch Re Underwriting ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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, 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 Management's Review.

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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 in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

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

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

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.

Hellerup, 30 June 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jesper Otto Edelbo  
State Authorised Public Accountant  
mne10901

Peter Nissen  
State Authorised Public Accountant  
mne33260

## Company information

<b>The Company</b>	Arch Re Underwriting ApS Frederiksgade 19 1265 Copenhagen  CVR No: 30 19 42 84 Financial period: 1 January - 31 December Municipality of reg. office: 1265
<b>Board of Directors</b>	Soren Scheuer, chairman Jerome Yves Stephane Henri Halgan Michael Hammer-Dahinden
<b>Executive Board</b>	Per Hellstrand
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

# Management's review

## Key activities

The Company's main purpose is to mediate insurance and reinsurance products and associated operations.

## Development in the year

The income statement of the Company for 2023 shows a profit of TDKK 16,711, and at 31 December 2023 the balance sheet of the Company shows a positive equity of TDKK 52,555.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
<b>Gross profit</b>		<b>47,689</b>	<b>32,262</b>
Staff expenses	1	-26,010	-25,203
Depreciation and impairment losses of property, plant and equipment		-57	-129
Other operating expenses		-294	0
<b>Profit/loss before financial income and expenses</b>		<b>21,328</b>	<b>6,930</b>
Financial income		525	1
Financial expenses		-340	-719
<b>Profit/loss before tax</b>		<b>21,513</b>	<b>6,212</b>
Tax on profit/loss for the year	2	-4,802	-1,407
<b>Net profit/loss for the year</b>		<b>16,711</b>	<b>4,805</b>
 <b>Distribution of profit</b>			
		2023	2022
		TDKK	TDKK
<b>Proposed distribution of profit</b>			
Retained earnings		16,711	4,805
		<b>16,711</b>	<b>4,805</b>



## Balance sheet 31 December

### Assets

	Note	2023	2022
		TDKK	TDKK
Other fixtures and fittings, tools and equipment		59	117
<b>Property, plant and equipment</b>	3	<b>59</b>	<b>117</b>
Other investments		0	14,596
Other receivables		269	240
<b>Fixed asset investments</b>		<b>269</b>	<b>14,836</b>
<b>Fixed assets</b>		<b>328</b>	<b>14,953</b>
Receivables from group enterprises		27,410	11,029
Prepayments		1,094	480
<b>Receivables</b>		<b>28,504</b>	<b>11,509</b>
<b>Cash at bank and in hand</b>		<b>38,717</b>	<b>19,237</b>
<b>Current assets</b>		<b>67,221</b>	<b>30,746</b>
<b>Assets</b>		<b>67,549</b>	<b>45,699</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		135	135
Share premium account		119	119
Retained earnings		52,301	35,590
<b>Equity</b>		<b>52,555</b>	<b>35,844</b>
Payables to group enterprises		3,356	695
Corporation tax		2,531	1,224
Other payables		9,107	7,936
<b>Short-term debt</b>		<b>14,994</b>	<b>9,855</b>
<b>Debt</b>		<b>14,994</b>	<b>9,855</b>
<b>Liabilities and equity</b>		<b>67,549</b>	<b>45,699</b>
Contingent assets, liabilities and other financial obligations	4		
Related parties	5		
Accounting Policies	6		

## Statement of changes in equity

	Share capital	Share premium account	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	135	119	35,590	35,844
Net profit/loss for the year	0	0	16,711	16,711
<b>Equity at 31 December</b>	<b>135</b>	<b>119</b>	<b>52,301</b>	<b>52,555</b>

# Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>1. Staff Expenses</b>		
Wages and salaries	22,488	21,754
Pensions	32	25
Other social security expenses	23	17
Other staff expenses	3,467	3,407
	<b>26,010</b>	<b>25,203</b>
Average number of employees	<b>8</b>	<b>8</b>
	2023	2022
	TDKK	TDKK
<b>2. Income tax expense</b>		
Current tax for the year	4,802	1,407
	<b>4,802</b>	<b>1,407</b>
<b>3. Property, plant and equipment</b>		
		Other fixtures and fittings, tools and equipment
		TDKK
Cost at 1 January		1,908
Cost at 31 December		1,908
Impairment losses and depreciation at 1 January		1,791
Depreciation for the year		58
Impairment losses and depreciation at 31 December		1,849
Carrying amount at 31 December		<b>59</b>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>4. Contingent assets, liabilities and other financial obligations</b>		
<b>Other contingent liabilities</b>		
The Company has rent liabilities at a total amount of	268	220

## 5. Related parties and disclosure of consolidated financial statements

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Arch Capital Group, Ltd. Bermuda	Bermuda

# Notes to the Financial Statements

## 6. Accounting policies

The Annual Report of Arch Re Underwriting ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

### Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been 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 flow 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 economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income statement

### Revenue

The Company's revenues derive from commissions earned from mediation of insurance contracts and administrations. The commission is taken to income when the premiums are paid.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

# Notes to the Financial Statements

## Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

## Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

## Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

## Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

## Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## Balance sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-12 years
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Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

### Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

# Notes to the Financial Statements

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

## **Other fixed asset investments**

Other fixed asset investments consist of deposits.

## **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

## **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

## **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

## **Financial liabilities**

Debts are measured at amortised cost, substantially corresponding to nominal value.