
Arch Re Underwriting ApS

Frederiksgade 19, DK-1265 København K

Annual Report for 1 January - 31 December 2021

CVR No 30 19 42 84

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/6 2022

Jens Steen Jensen
Chairman of the General
Meeting



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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 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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

Copenhagen, 29 June 2022

Executive Board

Per Hellstrand
Executive Officer

Board of Directors

Soren Scheuer
Chairman

Jerome Yves Stephane Henri
Halgan

Michael Hammer-Dahinden

Independent Auditor's Report

To the Shareholders 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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.

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.

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

Independent Auditor's Report

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, 29 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jesper Edelbo

statsautoriseret revisor

mne10901

Company Information

The Company

Arch Re Underwriting ApS
Frederiksgade 19
DK-1265 København K

Telephone: + 45 88887660

Website: www.archre.dk

CVR No: 30 19 42 84

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

Board of Directors

Soren Scheuer, Chairman
Jerome Yves Stephane Henri Halgan
Michael Hammer-Dahinden

Executive Board

Per Hellstrand

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Gross profit/loss		25.610	23.152
Staff expenses	2	-22.344	-13.893
Depreciation		-153	-158
Profit/loss before financial income and expenses		3.113	9.101
Financial income		38	247
Financial expenses		-770	-325
Profit/loss before tax		2.381	9.023
Tax on profit/loss for the year	3	-617	-1.170
Net profit/loss for the year		1.764	7.853

Distribution of profit

Proposed distribution of profit

Retained earnings		1.764	7.853
		1.764	7.853

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Other fixtures and fittings, tools and equipment		247	400
Property, plant and equipment	4	247	400
Other investments		15.128	15.236
Deposits		240	240
Fixed asset investments		15.368	15.476
Fixed assets		15.615	15.876
Receivables from group enterprises		5.330	712
Other receivables		371	0
Corporation tax		0	16
Prepayments		84	48
Receivables		5.785	776
Cash at bank and in hand		19.535	21.889
Currents assets		25.320	22.665
Assets		40.935	38.541

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital	5	135	135
Share premium account		119	119
Retained earnings		30.785	29.021
Equity		31.039	29.275
Other payables		0	1.684
Long-term debt	6	0	1.684
Payables to group enterprises		2.947	1.256
Corporation tax		572	1.170
Other payables	6	6.377	5.156
Short-term debt		9.896	7.582
Debt		9.896	9.266
Liabilities and equity		40.935	38.541
Key activities	1		
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Statement of Changes in Equity

	Share capital TDKK	Share premium account TDKK	Retained earnings TDKK	Total TDKK
2021				
Equity at 1 January	135	119	29.021	29.275
Net profit/loss for the year	0	0	1.764	1.764
Equity at 31 December	135	119	30.785	31.039
2020				
Equity 1. januar	135	119	21.168	21.422
Net profit/loss for the year	0	0	7.853	7.853
Equity at 31 December	135	119	29.021	29.275

Notes to the Financial Statements

1 Key activities

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

	<u>2021</u> TDKK	<u>2020</u> TDKK
2 Staff expenses		
Wages and salaries	19.500	11.424
Pensions	16	15
Other social security expenses	54	39
Other staff expenses	<u>2.774</u>	<u>2.415</u>
	<u>22.344</u>	<u>13.893</u>
Average number of employees	<u>5</u>	<u>4</u>
3 Tax on profit/loss for the year		
Current tax for the year	617	1.157
Deferred tax for the year	<u>0</u>	<u>13</u>
	<u>617</u>	<u>1.170</u>

Notes to the Financial Statements

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>TDKK</u>
Cost at 1 January	1.908
Cost at 31 December	<u>1.908</u>
Impairment losses and depreciation at 1 January	1.508
Depreciation for the year	<u>153</u>
Impairment losses and depreciation at 31 December	<u>1.661</u>
Carrying amount at 31 December	<u>247</u>

5 Equity

The share capital consists of 135,000 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

6 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2021</u> TDKK	<u>2020</u> TDKK
Other payables		
After 5 years	0	1.684
Long-term part	<u>0</u>	<u>1.684</u>
Other short-term payables	<u>6.377</u>	<u>5.156</u>
	<u>6.377</u>	<u>6.840</u>

Notes to the Financial Statements

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has rent liabilities at a total amount of TDKK 220.

8 Related parties

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Arch Re Underwriting ApS' share capital is wholly owned by Arch Reinsurance Ltd. Bermuda.

Consolidated Financial Statements

The largest group in which this company is included is Arch Capital Group,

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

The Group Annual Report of Arch Capital Group, Ltd. Bermuda may be obtained at the following address: 100 pitts Bay Road, Pembroke HM 08, Bermuda.

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Arch Re Underwriting ApS for 2021 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 Financial Statements for 2021 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.

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. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Notes to the Financial Statements

9 Accounting Policies (continued)

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 as well as office expenses, etc.

Gross profit/loss

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment 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.

Notes to the Financial Statements

9 Accounting Policies (continued)

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.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

Impairment of fixed assets

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

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

Fixed asset investments

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

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.

Notes to the Financial Statements

9 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning salary, 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 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 debts

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