
RiskPoint A/S

Hammerensgade 4, 2, DK-1267 København K

Annual Report for 1 January - 31 December 2022

CVR No 30 82 82 08

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
11/5 2023

Vagn Thorup
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 RiskPoint A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 11 May 2023

Executive Board

Thomas Vængebjerg Boutrup
CEO

Board of Directors

Vagn Thorup
Chairman

Ulrik Krogsaa Evers

Kenneth Nielsen

Independent Auditor's Report

To the Shareholder of RiskPoint A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of RiskPoint A/S for the financial year 1 January - 31 December 2022, 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 Financials 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.

Independent Auditor's Report

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 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.

Independent Auditor's Report

- 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, 11 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jesper Otto Edelbo
State Authorised Public Accountant
mne10901

Casper Larsen
State Authorised Public Accountant
mne45855

Company Information

The Company

RiskPoint A/S
Hammerensgade 4, 2
DK-1267 København K

CVR No: 30 82 82 08
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Vagn Thorup, Chairman
Ulrik Krogsaa Evers
Kenneth Nielsen

Executive Board

Thomas Vængebjerg Boutrup

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	234,460	239,635	173,950	116,009	84,325
Operating profit/loss	-53,833	107,167	79,078	43,330	29,007
Profit/loss before financial income and expenses	-53,833	107,167	80,241	43,330	29,007
Net financials	5,188	5,646	2,889	1,278	50
Net profit/loss for the year	-39,905	90,082	65,461	32,777	22,673
Balance sheet					
Balance sheet total	752,793	821,806	435,253	324,142	222,267
Equity	-52,697	86,595	68,253	35,230	24,953
Number of employees	100	81	63	49	39
Ratios					
Return on assets	-7.2%	13.0%	18.4%	13.4%	13.1%
Solvency ratio	-7.0%	10.5%	15.7%	10.9%	11.2%
Return on equity	-235.4%	116.3%	126.5%	108.9%	94.0%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, refer to the accounting policies.

Management's Review

Key activities

RiskPoint A/S is an underwriting agency. We focus on providing value-adding insurance solutions predominantly to Nordic and European corporates and industrial clients and their advisors.

Aside from insurance solutions within traditional lines of businesses, we also focus on establishing and developing insurance solutions within niche areas such as directors liability, renewable energy, intellectual rights and company transactions (W&I).

Branch offices and Subsidiaries

The Company has branch offices, which are included in the Annual Report for Riskpoint A/S, in the following countries: Germany, UK, Switzerland, Spain, Holland and France.

Further, the Company has subsidiaries in USA and Singapore. The Company, including subsidiaries, is included in the consolidated accounts of the parent company RiskPoint Holding A/S. Thus, no separate consolidated accounts are produced for the Company.

Development in the year

The income statement of the Company for 2022 shows a loss of DKK 39,904,975, and at 31 December 2022 the balance sheet of the Company shows negative equity of DKK 52,697,006.

The result for the year is impacted by staff expenses related to significant one-off bonus and incentive contributions to the parent company, RiskPoint Holding A/S, associated with the sale of a 40% share of RiskPoint Holding A/S to Nordic Capital.

The result is considered to be satisfactory given these costs.

The past year and follow-up on development expectations from last year

Revenue for the period is 1% below budget and 6% above 2021. The increase in revenue vs. prior year was driven by increases in most business lines except Property following a restructure of the portfolio, and W&I affected by a significant decline in business opportunities during 4Q 2022. Excluding Profit Commission, W&I and Renewable Energy the growth rate was 16%, slightly above expectations.

Operating expenses were significantly impacted by cost associated with the sale of 40% of RiskPoint Holding A/S to Nordic Capital. Excluding these costs operating expenses are in line with expectations.

Foreign exchange risks

Activities abroad cause results and equity to be affected by the exchange and interest rate development of a number of currencies. No hedging of the Company's currency is made since the risk is not assessed to be material.

Management's Review

Targets and expectations for the year ahead

Management expect revenue to continue to increase with growth rates at 15-25% excluding Profit Commission, W&I and Renewable Energy. The increase is expected across all business lines. Renewable Energy and W&I business is expected to grow with more than 50% however there is uncertainty around how the turmoil in the financial markets will impact the W&I business and Renewable Energy is heavily depending on construction of major wind farms.

Extraordinary investments will be made in order to further expand new and existing activities in branches and subsidiaries outside Denmark. The focus will be on Asia, USA/Canada and south Europe. In addition, investments in IT and implementation of new solutions will take place in 2023. These investments will have limited positive effect on the expected result for 2023 but is a key component to the company's growth journey.

Management expectation for 2023 is a result of DKK 100 - 150 million before tax.

External environment

As an insurance underwriting agency, our climate footprint is limited. It is important to RiskPoint that we act environmentally, socially and economically responsible in corporation with our customers, business partners and stakeholders. For further information please refer to the consolidated annual report for RiskPoint Holding A/S

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	2022 DKK	2021 DKK
Gross profit/loss		234,459,669	239,634,711
Staff expenses	2	-285,968,012	-130,362,853
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-2,324,332	-2,105,123
Profit/loss before financial income and expenses		-53,832,675	107,166,735
Income from investments in subsidiaries		5,539,246	4,094,917
Financial income	4	2,907,755	3,850,737
Financial expenses	5	-3,258,932	-2,299,668
Profit/loss before tax		-48,644,606	112,812,721
Tax on profit/loss for the year	6	8,739,631	-22,731,002
Net profit/loss for the year		-39,904,975	90,081,719

Balance Sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Goodwill		645,893	2,756,039
Intangible assets under construction		5,506,947	3,172,403
Intangible assets	7	6,152,840	5,928,442
Other fixtures and fittings, tools and equipment		1,434,869	2,364
Property, plant and equipment	8	1,434,869	2,364
Investments in subsidiaries	9	8,658,765	4,974,219
Deposits	10	2,261,245	1,167,166
Fixed asset investments		10,920,010	6,141,385
Fixed assets		18,507,719	12,072,191
Trade receivables	11	505,574,316	571,320,983
Receivables from group enterprises		27,558,323	13,869,581
Other receivables		273,159	555,593
Deferred tax asset	12	16,257,828	0
Corporation tax		3,165,753	0
Corporation tax receivable from group enterprises		4,600,000	2,612,917
Prepayments	13	11,368,917	3,193,885
Receivables		568,798,296	591,552,959
Cash at bank and in hand		165,486,996	218,180,496
Currents assets		734,285,292	809,733,455
Assets		752,793,011	821,805,646

Balance Sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		1,500,000	1,000,000
Reserve for exchange rate adjustments		-1,570,338	-183,598
Retained earnings		-52,626,668	-12,721,693
Proposed dividend for the year		0	98,500,000
Equity		-52,697,006	86,594,709
Provision for deferred tax	12	0	625,701
Provisions		0	625,701
Trade payables		559,123,325	657,180,947
Payables to group enterprises		167,076,184	32,009,959
Corporation tax		0	11,394,761
Other payables		79,290,508	33,999,569
Short-term debt		805,490,017	734,585,236
Debt		805,490,017	734,585,236
Liabilities and equity		752,793,011	821,805,646
Going concern	1		
Distribution of profit	14		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Subsequent events	17		
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Statement of Changes in Equity

	Share capital	Reserve for exchange rate adjustments	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,000,000	-183,598	754,542	98,500,000	100,070,944
Net effect of correction of material misstatement	0	0	-13,476,235	0	-13,476,235
Adjusted equity at 1 January	1,000,000	-183,598	-12,721,693	98,500,000	86,594,709
Exchange adjustments	0	-1,386,740	0	0	-1,386,740
Cash capital increase	500,000	0	0	0	500,000
Ordinary dividend paid	0	0	0	-98,500,000	-98,500,000
Net profit/loss for the year	0	0	-39,904,975	0	-39,904,975
Equity at 31 December	1,500,000	-1,570,338	-52,626,668	0	-52,697,006

Notes to the Financial Statements

1 Going concern

Due to the result for the year, the Company has lost its share capital and is subject to the legislation regarding capital loss. Management has observed the rules in the Danish Company Act § 119.

Based on the financial position, budget and strategic plans, Management expects to recover the share capital by year-end 2023 at the latest and has assessed that the Entity's financial resources are appropriate to ensure that the Entity is able to continue as a going concern. The assessment is supported by the Entity's financial results in Q1 2023.

	<u>2022</u> DKK	<u>2021</u> DKK
2 Staff expenses		
Wages and salaries	260,341,843	114,594,791
Pensions	5,459,787	3,612,166
Other social security expenses	<u>20,166,382</u>	<u>12,155,896</u>
	<u>285,968,012</u>	<u>130,362,853</u>
Average number of employees	<u>100</u>	<u>81</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	2,075,927	2,075,927
Depreciation of property, plant and equipment	<u>248,405</u>	<u>29,196</u>
	<u>2,324,332</u>	<u>2,105,123</u>

4 Financial income

Interest received from group enterprises	695,595	0
Other financial income	531,190	3,050,023
Exchange gains	<u>1,680,970</u>	<u>800,714</u>
	<u>2,907,755</u>	<u>3,850,737</u>

Notes to the Financial Statements

	2022	2021
	DKK	DKK
5 Financial expenses		
Interest paid to group enterprises	923,670	490,855
Other financial expenses	2,335,262	1,808,813
	3,258,932	2,299,668
6 Tax on profit/loss for the year		
Current tax for the year	6,513,943	22,186,586
Deferred tax for the year	-16,883,529	120,193
Adjustment of tax concerning previous years	1,629,955	424,223
	-8,739,631	22,731,002
7 Intangible assets		
	Goodwill	Intangible assets under construction
	DKK	DKK
Cost at 1 January	10,550,729	9,260,210
Additions for the year	0	2,334,544
Cost at 31 December	10,550,729	11,594,754
Impairment losses and amortisation at 1 January	7,794,690	6,087,807
Amortisation for the year	2,110,146	0
Impairment losses and amortisation at 31 December	9,904,836	6,087,807
Carrying amount at 31 December	645,893	5,506,947

Notes to the Financial Statements

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	1,946,028
Additions for the year	<u>1,680,910</u>
Cost at 31 December	<u>3,626,938</u>
Impairment losses and depreciation at 1 January	1,943,664
Depreciation for the year	<u>248,405</u>
Impairment losses and depreciation at 31 December	<u>2,192,069</u>
Carrying amount at 31 December	<u>1,434,869</u>

Notes to the Financial Statements

	2022 DKK	2021 DKK
9 Investments in subsidiaries		
Cost at 1 January	999,271	999,271
Additions for the year	2,161,075	0
Transfers for the year	6	0
Cost at 31 December	<u>3,160,352</u>	<u>999,271</u>
Value adjustments at 1 January	3,974,948	5,845,812
Net profit/loss for the year	5,539,252	4,094,917
Dividend to the Parent Company	-4,050,000	-6,000,000
Amortisation of goodwill	34,219	34,219
Transfers for the year	-6	0
Value adjustments at 31 December	<u>5,498,413</u>	<u>3,974,948</u>
Carrying amount at 31 December	<u>8,658,765</u>	<u>4,974,219</u>
Negative differences arising on initial measurement of subsidiaries at net asset value	<u>171,096</u>	<u>171,096</u>
Remaining negative difference included in the above carrying amount at 31 December	<u>34,220</u>	<u>68,439</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Caplloyd A/S - Forsikringsagentur	Denmark	DKK 600,000	100%
RP Underwriting Inc.	USA	USD 1	100%
Riskpoint PTE. Limited	Singapore	SGD 1	100%
Riskpoint Solutions Ltd.	United Kingdom	GBP 250,000	100%

RP Underwriting Inc. is measured at DKK 0 in accordance with the Company's accounting policies.

The Company has subscribed for the share capital of SGD 1 in RiskPoint PTE. Limited

Notes to the Financial Statements

10 Other fixed asset investments

	Deposits DKK
Cost at 1 January	1,167,166
Additions for the year	1,094,079
Cost at 31 December	<u>2,261,245</u>
Carrying amount at 31 December	<u>2,261,245</u>

11 Trade receivables

The following receivables fall due for payment more than 1 year after year end

2022 DKK	2021 DKK
<u>35,466,994</u>	<u>39,253,885</u>

12 Deferred tax asset

Deferred tax asset at 1 January	-625,701	-504,133
Amounts recognised in the income statement for the year	16,883,529	-120,193
Effect from merger and acquisitions	0	-1,375
Deferred tax asset at 31 December	<u>16,257,828</u>	<u>-625,701</u>

Recognition of deferred tax assets relates to unutilised tax losses which the Company expects, which the Company expect to utilise in the coming financial years.

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

14 Distribution of profit

Proposed dividend for the year	0	98,500,000
Retained earnings	-39,904,975	-8,418,281
	<u>-39,904,975</u>	<u>90,081,719</u>

Notes to the Financial Statements

	2022	2021
	DKK	DKK
15 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Obligations under rental contract. Total future rent payments:		
Within 1 year	5,688,522	4,057,149
Between 1 and 5 years	12,745,803	13,689,170
	18,434,325	17,746,319

Guarantee obligations

RiskPoint A/S has granted a receivables charge to Danske Bank as security for intercompany balances with the Company's Parent Company RiskPoint Holding A/S.

15,000,000	15,000,000
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RiskPoint A/S has provided an unlimited guarantee to the Parent Company RiskPoint Holding A/S under which the guarantor assumes joint and several liability.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of RP PartnerCo A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

16 Related parties

	<u>Basis</u>
Controlling interest	
RiskPoint Holding A/S	Parent Company
RP PartnerCo A/S	Ultimate Parent Company
Management	Key management personnel

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

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>
RP PartnerCo A/S	Hammerensgade 4, 2., 1267 København K
RiskPoint Holding A/S	Hammerensgade 4, 2., 1267 København K

The Group Annual Reports may be obtained by requests to the respective companies.

17 Subsequent events

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

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of RiskPoint A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Correction of material misstatements

In connection with changes in the ownership and group structure of the RiskPoint Group in 2022 a revised assessment of a market consistent valuation method related to shares acquired from employees leaving as shareholders as well as employees joining as shareholders in the parent RiskPoint Holding A/S has been made.

On the basis of the revised assessment, the measurement of staff expenses in RiskPoint A/S for the period 2018-2021 has been materially misstated. Accordingly, the comparative numbers have been corrected.

The correction has resulted in an increase in payroll expenses of DKK 17,277k and tax income of DKK 3,801k over the period 2018-2021 of which Payroll expenses of DKK 11,035k and Tax income of DKK 2,428k or a reduction in Net profit of DKK 8,607k relates to 2021. The effect on Equity at 31 December, 2021 is a reduction of DKK 13,476k. Short-term debt has been increased with DKK 16,089k and Receivables has been increased with DKK 2,613k.

Accounting estimates

According to terms defined in binder contracts, a profit commission accrues to RiskPoint. Due to the nature of insurance business and the emergence of insurance events the estimation of profit commission earned involves accounting estimates, which are dependent on future events and developments. These estimates are made by Management on the basis of historic experience and other assumptions, which Management consider to be prudent and realistic.

Due to the inherent nature of the estimates, the assumptions applied may be incomplete and unexpected future events and developments may occur, which give rise to subsequent adjustment of the estimates made.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of RP PartnerCo A/S and RiskPoint Holding A/S, the Company has not prepared consolidated financial statements.

Notes to the Financial Statements

18 Accounting Policies (continued)

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of RP PartnerCo A/S and RiskPoint Holding A/S, the Company has not prepared a cash flow statement.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures

Notes to the Financial Statements

18 Accounting Policies (continued)

have not been restated.

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.

Income Statement

Revenue

The Entity's commission-based income is recognised at the invoicing of the insurance premium taken out via the Entity's carrier.

Other external expenses

Other external expenses comprise expenses relating to the Entity's ordinary activities, including expenses for premises, stationary and office supplies, marketing costs, 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, other operating income and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries, including bonuses and contributions under the groups incentive program, as well as payroll related expenses.

The Company's contributions to the parent company under the groups incentive program is accounted for as a cash-based incentive program.

Notes to the Financial Statements

18 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

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

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

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 deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the ultimate Danish parent company and all Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Intangible assets 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.

Property, plant and equipment

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

Notes to the Financial Statements

18 Accounting Policies (continued)

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 3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and 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.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits as well as long term profit commission receivable.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

Trade receivables comprise premiums collected with policyholders on behalf of the Company's carriers. When recognising these receivables, the amount owed to the carrier net of sales commission is recognised as well.

Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

Financial debts

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

Trade payables comprise premium payables to the Company's carriers. When collecting premiums, the amount owed to the carrier, equivalent to the premium collected net of commission, is recognised.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$