RiskPoint A/S

Hammerensgade 4,2, DK-1267 Copenhagen

Annual Report for 2023

CVR No. 30 82 82 08

The Annual Report was presented and adopted at the Annual General Meeting of the company on 21/5 2024

Vagn Thorup
Chairman of the general meeting

Contents

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 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.

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, 21 May 2024

Executive Board

Ester Mølbjerg Hofman-Bang
CEO

Board of Directors

Vagn Thorup Chairman	Kenneth Nielsen	Ulrik Krogsaa Evers

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 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 RiskPoint A/S 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, 21 May 2024

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 Copenhagen CVR No: 30 82 82 08 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Vagn Thorup, chairman Kenneth Nielsen Ulrik Krogsaa Evers
Executive Board	Ester Mølbjerg Hofman-Bang
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	227,186	234,460	239,635	173,950	116,009
Profit/loss of primary operations	65,083	-53,833	107,167	80,241	43,330
Profit/loss of financial income and expenses	78	5,188	2,889	2,889	1,278
Net profit/loss for the year	50,485	-39,905	65,461	65,461	32,777
Balance sheet					
Balance sheet total	1,093,478	809,456	821,806	435,253	324,142
Investment in property, plant and equipment	0	1,681	0	0	0
Equity	-2,182	-52,697	86,595	68,253	35,230
Number of employees	117	100	63	49	39
Ratios					
Return on assets	6.0%	-6.7%	13.0%	18.4%	13.4%
Solvency ratio	-0.2%	-6.5%	10.5%	15.7%	10.9%
Return on equity	-184.0%	-235.4%	84.5%	126.5%	108.9%

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 and intellectual rights and company transactions (Transactional Risk).

Development in the year

The income statement of the Company for 2023 shows a profit of TDKK 50,485, and at 31 December 2023 the balance sheet of the Company shows a negative equity of TDKK 2,182.

The result is considered to be satisfactory.

Subsequent to the balance sheet date, the equity has been reestablished to a positive amount by a capital injection (of DKK 50 million) from the parent company RiskPoint Group A/S.

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

Gross profit for the period is 4% below 2022 and below the expected result for 2023.Though most business lines shows growth vs. prior year, the growth has not been as high as expected. Activities outside Denmark, the change of our core IT systems, (which proved to bind more resources than anticipated), and fewer Transactional deals bound in DK than budgeted, has affected the result in 2023. Transactional Risk area was generally affected by a decline in business opportunities during 2023, however picking up towards the end of 2023.

Special risks - operating risks and financial risks

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.

Targets and expectations for the year ahead

Management expect revenue to continue to increase with a growth rate between 15-20% . Increase is expected across all business lines, however Renewable Energy and Transactional Risk carries a significant share of the growth. It is noted, that there remains uncertainty around how the instability in the financial markets will impact the Transactional Risk and renewable energy business areas. Management's expectation for 2024 is a result of DKK 70-90 million before tax.

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 2024. These investments are a key component to the company’s longer term growth journey.

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 Group A/S.

Branches abroad

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, Italy, Belgium and France.

Further, the Company has subsidiaries in USA, Canada, New Zealand, Australia, UK and Singapore. With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of RiskPoint Group A/S, the Company has not prepared consolidated financial statements.

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

Further to the capital injection mentioned above 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
Gross profit		**227,186**	**234,459**
Staff expenses	2	-159,822	-285,968
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-2,281	-2,324
Profit/loss before financial income and expenses		**65,083**	**-53,833**
Income from investments in subsidiaries		4,996	5,539
Financial income	4	10,049	2,931
Financial expenses	5	-14,967	-3,282
Profit/loss before tax		**65,161**	**-48,645**
Tax on profit/loss for the year	6	-14,676	8,740
Net profit/loss for the year	7	**50,485**	**-39,905**

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Completed development projects		11,769	0
Goodwill		0	646
Development projects in progress		3,614	5,507
Intangible assets	8	**15,383**	**6,153**
Other fixtures and fittings, tools and equipment		1,108	1,435
Property, plant and equipment	9	**1,108**	**1,435**
Investments in subsidiaries	10	8,220	8,658
Deposits	11	2,432	2,261
Fixed asset investments		**10,652**	**10,919**
Fixed assets		**27,143**	**18,507**
Trade receivables	12	659,032	562,338
Receivables from group enterprises		42,680	27,558
Other receivables		10,608	173
Deferred tax asset	13	9,626	16,258
Corporation tax		0	3,166
Corporation tax receivable from group enterprises		0	4,600
Prepayments	14	3,390	11,369
Receivables		**725,336**	**625,462**
Cash at bank and in hand		**340,999**	**165,487**
Current assets		**1,066,335**	**790,949**
Assets		**1,093,478**	**809,456**

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		1,500	1,500
Reserve for development costs		9,180	0
Reserve for exchange rate conversion		-1,541	-1,570
Retained earnings		-11,321	-52,627
Equity		**-2,182**	**-52,697**
Prepayments received from customers		98,548	56,663
Trade payables		732,955	559,122
Payables to group enterprises		235,087	167,076
Payables to group enterprises relating to corporation tax		2,364	0
Other payables		26,706	79,292
Short-term debt		**1,095,660**	**862,153**
Debt		**1,095,660**	**862,153**
Liabilities and equity		**1,093,478**	**809,456**
Going concern	1		
Contingent assets, liabilities and other financial obligations	15		
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Statement of changes in equity

	Share capital	Reserve for development costs	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,500	0	-1,570	-52,626	-52,696
Exchange adjustments	0	0	29	0	29
Other equity movements	0	4,295	0	-4,295	0
Development costs for the year	0	5,905	0	-5,905	0
Depreciation, amortisation and impairment for the year	0	-1,020	0	1,020	0
Net profit/loss for the year	0	0	0	50,485	50,485
Equity at 31 December	**1,500**	**9,180**	**-1,541**	**-11,321**	**-2,182**

Notes to the Financial Statements

1. Going concern

At 31 December 2023, the Company has short term debt which exceeds it's current assets. Based on the financial position, budget and strategic plans, Management 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 2024.

In May 2024, the Company has received a group contribution from the Parent Company RiskPoint Group of mDKK 50, which means that equity has been re-established.

2. Staff Expenses

	2023	2022
	TDKK	TDKK
Wages and salaries	137,443	260,341
Pensions	7,050	5,460
Other social security expenses	15,329	20,167
	159,822	**285,968**

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

	2023	2022
Average number of employees	**117**	**100**

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

	2023	2022
	TDKK	TDKK
Amortisation of intangible assets	1,954	2,076
Depreciation of property, plant and equipment	327	248
	2,281	**2,324**

4. Financial income

	2023	2022
	TDKK	TDKK
Interest received from group enterprises	1,468	696
Other financial income	7,164	554
Exchange gains	1,417	1,681
	10,049	**2,931**

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
5. Financial expenses		
Interest paid to group enterprises	9,548	924
Other financial expenses	5,419	2,358
	14,967	**3,282**

	2023	2022
	TDKK	TDKK
6. Income tax expense		
Current tax for the year	6,689	6,514
Deferred tax for the year	11,904	-16,884
Adjustment of tax concerning previous years	-3,917	1,630
	14,676	**-8,740**

	2023	2022
	TDKK	TDKK
7. Profit allocation		
Retained earnings	50,485	-39,905
	50,485	**-39,905**

Notes to the Financial Statements

8. Intangible fixed assets

	Completed development projects	Goodwill	Develop-ment projects in progress
	TDKK	TDKK	TDKK
Cost at 1 January	0	10,551	11,595
Additions for the year	7,570	0	3,614
Transfers for the year	11,595	0	-11,595
Cost at 31 December	19,165	10,551	3,614
Impairment losses and amortisation at 1 January	0	9,905	6,088
Amortisation for the year	1,308	646	0
Transfers for the year	6,088	0	-6,088
Impairment losses and amortisation at 31 December	7,396	10,551	0
Carrying amount at 31 December	**11,769**	**0**	**3,614**
Amortised over	5 years	5 years	

Development projects relate to the development of the Company's ERP system. The projects are progressing according to plan through the use of the resources allocated by Management to the development. The software is expected to be used in the present market to the Company’s existing customers, and furthermore contribute to efficiency and higher margins in core business activities.

9. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	3,627
Cost at 31 December	3,627
Impairment losses and depreciation at 1 January	2,192
Depreciation for the year	327
Impairment losses and depreciation at 31 December	2,519
Carrying amount at 31 December	**1,108**

10. Investments in subsidiaries

	2023	2022
	TDKK	TDKK
Cost at 1 January	3,160	999
Additions for the year	1	2,161
Cost at 31 December	3,161	3,160
Value adjustments at 1 January	5,499	3,975
Exchange adjustment	64	0
Net profit/loss for the year	4,962	5,539
Dividend to the Parent Company	-5,500	-4,050
Amortisation of goodwill	34	34
Value adjustments at 31 December	5,059	5,498
Carrying amount at 31 December	**8,220**	**8,658**
Negative differences arising on initial measurement of subsidiaries at net asset value	171	171
Remaining positive difference included in the above carrying amount at	0	34

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	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 Ltd.	Canada	CAD 100	100%
RiskPoint Solution Limited	New Zealand	NZD 1	100%
RP Underwriting PTY Limited	Australia	AUD 1	100%

In accordance with the company's accounting policies, the following entities are measured at 0 DKK.
- RP Underwriting Inc.
- Riskpoint PTE. Limited
- Riskpoint Solutions Ltd.
- RP Underwriting Ltd.
- RP Underwriting PTY Limited
- RiskPoint Solution Limited

Notes to the Financial Statements

11. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 January	2,432
Cost at 31 December	2,432
Carrying amount at 31 December	**2,432**

12. Receivables

	2023	2022
	TDKK	TDKK
The following receivables fall due for payment more than 1 year after year end:		
Trade receivables	95,190	35,467
	95,190	**35,467**

13. Deferred tax asset

	2023	2022
	TDKK	TDKK
Deferred tax asset at 1 January	16,258	-626
Adjustment relating to previous years	4,866	0
Amounts recognised in the income statement for the year	-11,498	16,884
Deferred tax asset at 31 December	**9,626**	**16,258**

Recognition of deferred tax assets relates to unutilised tax losses and differences between accounting values and taxable values, which the Company expect to utilise in the coming financial years.

14. Prepayments

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

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK

15. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2023	2022
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	4,682	5,689
Between 1 and 5 years	8,797	12,746
	13,479	**18,435**

Guarantee obligations

	2023	2022
RiskPoint A/S has granted a receivables charge to Danske Bank as security for intercompany balances with the Company's Parent Company RiskPoint Group A/S.	15,000	15,000

RiskPoint A/S has provided an unlimited guarantee to the Parent Company RiskPoint Group 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 and disclosure of consolidated financial statements

	Basis
Controlling interest	
RiskPoint Group 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:

Name	Place of registered office
RP PartnerCo A/S	Hammerensgade 4, 2., 1267 Copenhagen
RiskPoint Group A/S	Hammerensgade 4, 2., 1267 Copenhagen

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

17. Subsequent events

After the balance sheet date the Company has received a group contribution from the Parent Company. Reference is made to note 1. Other than that 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 2023 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 2023 are presented in TDKK.

Adjustment of comparatives
In the financial year the Company has reclassified prepaid commission from "Trade receivables" to "Prepayments received from customers". The reclassification has no effect on the result after tax or total equity.

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 for 2023 of RiskPoint Group A/S and RP PartnerCo A/S, the Company has not prepared consolidated financial statements.

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 RiskPoint Group A/S and RP PartnerCo A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

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.

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.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

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 as if the two enterprises had always been combined by restating comparative figures.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

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 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 for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets 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.

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

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 Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 5 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

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	3-5 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 and investments 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.

Notes to the Financial Statements

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 deduction or addition of unrealised intercompany profits or losses and 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.

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 Dividend 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.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

Trade payables comprise premiums collected from the policyholders and payables to the Company´s carriers. The premium payable is recognized net of sales commission.

Prepayments received from customers comprise profit commission received from the Company's carriers but not earned under the issued policies. The prepayments are recognized as income over the risk period of the policies.

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity