

# JLT Specialty Insurance Broker A/S

Hellerupgårdvej 18

2900 Hellerup

CVR No. 37397563

## Annual Report 2018

3. financial year

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 12 March 2019



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Marianne Gorridsen  
Chairman

**JLT Specialty Insurance Broker A/S**

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## Management's Statement

Today, the board of directors has considered and approved the Annual Report of JLT Specialty Insurance Broker A/S for the financial year 1 January 2018 - 31 December 2018.


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

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January 2018 - 31 December 2018.

In our opinion, the 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.

Hellerup, 12 March 2019

### Executive Board




Jesper Nygaard  
CEO

### Supervisory Board



Henrik Rydén  
Chairman



Claus Quisgaard Trentel



Jesper Nygaard



Marianne Gorrisden

## Independent Auditor's Report

To the shareholders of JLT Specialty Insurance Broker A/S

### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of its operations for the financial year 1 January 2018 - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of JLT Specialty Insurance Broker A/S for the financial year 1 January 2018 - 31 December 2018, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statement").

### Basis of opinion

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

### 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 responsibility 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 considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

### The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on



## Independent Auditor's Report

the basis of these financial statements.

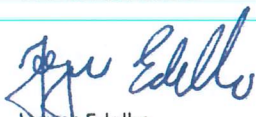
As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- \* Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- \* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

Hellerup, 12 March 2019

**PricewaterhouseCoopers**  
**Statsautoriseret Revisionspartnerselskab**  
CVR-no. 33771231



Jesper Edelbo  
State Authorised Public Accountant  
mne10901



Steffen Vastrup  
State Authorised Public Accountant  
mne32126

## JLT Specialty Insurance Broker A/S

### Company details

**Company** JLT Specialty Insurance Broker A/S  
Hellerupgårdvej 18  
2900 Hellerup

**CVR No.** 37397563

**Registered office** Gentofte

**Financial year** 1 January 2018 - 31 December 2018

**Supervisory Board** Henrik Rydén, Chairman  
Jesper Nygaard  
Marianne Gorridsen  
Claus Quisgaard Trentel

**Executive Board** Jesper Nygaard, CEO

**Auditors** PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup  
CVR-no.: 33771231

## Management's Review

### The Company's principal activities

The primary activity of the enterprise is insurance brokerage and other business related hereto.

### Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2018 - 31 December 2018 shows a result of DKK 836.968 and the Balance Sheet at 31 December 2018 a balance sheet total of DKK 32.059.188 and an equity of DKK -4.735.844.

During 2018 JLT Specialty Insurance Broker A/S continued its strong performance and demonstrated substantial growth on all key parameters. The 2018 performance and result exceeded the year's budget and expectations, bringing the Company into profitability, and is considered very satisfactory. The positive 2018 performance, was achieved by a combination of new clients, positive developments within the existing client portfolio delivered by a stable and resourceful team.

The Management expects the Company to continue its growth strategy delivering first-class specialty risk and insurance advice to clients within selected segments and sectors. The expectation is to further strengthening and expanding the client base, leading to continued growth in both revenue and underlying profit in coming years.

### Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

On 18 September 2018, Marsh & McLennan Companies (MMC) announced a takeover offer to acquire Jardine Lloyd Thompson Group plc (JLT). Legal Closing of the transaction is expected in second quarter of 2019.

## Accounting Policies

### Reporting Class

The Annual Report of JLT Specialty Insurance Broker A/S for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

### Reporting currency

The Annual Report is presented in Danish kroner.

### 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. 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 transaction date rates are recognised in financial income and expenses in the income statement.

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

## General Information

### Basis of recognition and measurement

The financial statement have been prepared under the historical cost princip.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue to the Company, and the value of the asset can be measured reliably.

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

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

## Income Statement



## Accounting Policies

### Gross profit/loss

The Gross profit/loss includes Revenue deducted related direct costs and Other external expenses.

Revenue in the form of fee income is recognised in the income statement at the time of invoicing based on the insurance broker agreements entered into.

Direct cost includes cost related to the generation of the years revenue.

Other external expenses comprise expenses costs of distribution, sale, advertisement, administration, premises, debtor loss, leasing cost etc.

### Staff expenses

Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

### Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Dividends from/on equity investments are recognised as income in the financial year in which the dividends are declared.

### Tax on net profit for the year

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

## Balance Sheet

### Intangible assets

Acquired Goodwill is measured at cost less accumulated depreciation and less any accumulated impairment losses. Goodwill is depreciated on a straight-line basis over the economic life estimated at 7 years.

Patents and licences are measured at the lower of cost less depreciation and less any accumulated impairment losses. The carrying amount is written down to the recoverable amount, where this is lower. Patents are amortised over the remaining patent period and licences are amortised over the licence period; however not exceeding 8 years.

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Development cost and costs relating to internally generated rights are recognised in the income statement as costs in the year of acquisition.

Profit or loss relating to the disposal of intangible assets are recognised in the income statement under other operational income or other operational costs.

### 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.

## Accounting Policies

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 - 8 years

Profit or loss related to the disposal of Property, plant and equipment is calculated as the difference between the salesprice reduced by the cost of sales and the carrying amount at the time of sale. Profit or loss of sale is recognised in the income statement under other operational income or other operational costs.

### Financial assets

Deposits are measured at cost.

### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

### Prepayments

Prepayments comprise prepaid expenses regarding coming financial year.

### Cash and cash equivalents

Cash and cash equivalents comprises cash and bank deposits.

### Equity

#### Dividends

Dividend distribution proposed by Management for the year is recognised as a liability at the time of adoption at the ordinary General Meeting (time of declaration).

### Deferred tax

Deferred tax is measured based on the balance based debt method as the temporary differences between the carrying value and the tax value of assets and liabilities. Regarding shares, where the tax value can be based on alternative tax rules, the deferred tax is calculated based on the planned use of the asset respectively settlement of the liability.

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

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement. For the current year a rate of 22% is used.

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### Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

### Liabilities

Any other liability is measured at amortized cost price corresponding to nominal value.

**Income Statement**

	Note	2018 kr.	2017 kr.
<b>Gross profit</b>		<b>17.980.746</b>	<b>9.008.421</b>
Employee benefits expense	1	-14.934.422	-13.271.347
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-1.826.832	-1.451.785
<b>Profit from ordinary operating activities</b>		<b>1.219.492</b>	<b>-5.714.711</b>
Other finance income		204.213	124.275
Finance expences		-586.737	-396.648
<b>Profit from ordinary activities before tax</b>		<b>836.968</b>	<b>-5.987.084</b>
<b>Profit</b>		<b>836.968</b>	<b>-5.987.084</b>
<b>Proposed distribution of results</b>			
Retained earnings		836.968	-5.987.084
<b>Distribution of profit</b>		<b>836.968</b>	<b>-5.987.084</b>

JLT Specialty Insurance Broker A/S

Balance Sheet as of 31 December

	Note	2018 kr.	2017 kr.
<b>Assets</b>			
Goodwill	2	8.949.044	10.666.858
Software & development	3	81.953	50.000
<b>Intangible assets</b>		<b>9.030.997</b>	<b>10.716.858</b>
Fixtures, fittings, tools and equipment	4	177.390	271.361
<b>Property, plant and equipment</b>		<b>177.390</b>	<b>271.361</b>
Deposits, investments		188.400	0
<b>Investments</b>		<b>188.400</b>	<b>0</b>
<b>Fixed assets</b>		<b>9.396.787</b>	<b>10.988.219</b>
Short-term trade receivables		19.280.946	4.302.099
Short-term receivables from group enterprises		1.076.745	549.946
Other short-term receivables		556.248	588.889
Deferred income		129.498	164.527
<b>Receivables</b>		<b>21.043.437</b>	<b>5.605.461</b>
<b>Cash and cash equivalents</b>		<b>1.618.964</b>	<b>1.874.865</b>
<b>Current assets</b>		<b>22.662.401</b>	<b>7.480.326</b>
<b>Assets</b>		<b>32.059.188</b>	<b>18.468.545</b>



JLT Specialty Insurance Broker A/S

Balance Sheet as of 31 December

	Note	2018 kr.	2017 kr.
<b>Liabilities and equity</b>			
Contributed capital		500.000	500.000
Retained earnings		-5.235.844	-6.072.812
<b>Equity</b>	5	<b>-4.735.844</b>	<b>-5.572.812</b>
Trade payables		11.825.478	1.211.562
Payables to group enterprises		18.374.715	17.373.010
Other payables		6.594.839	5.456.785
<b>Short-term liabilities other than provisions</b>		<b>36.795.032</b>	<b>24.041.357</b>
<b>Liabilities other than provisions within the business</b>		<b>36.795.032</b>	<b>24.041.357</b>
<b>Liabilities and equity</b>		<b>32.059.188</b>	<b>18.468.545</b>
Uncertainties relating to going concern	6		
Liabilities under off-balance sheet leases	7		
Related parties	8		

## Notes

	2018	2017
<b>1. Employee benefits expense</b>		
Wages and salaries	11.706.141	10.199.043
Post-employment benefit expense	1.480.045	1.414.219
Social security contributions	1.748.236	1.658.085
	<u>14.934.422</u>	<u>13.271.347</u>
Average number of employees	<u>10</u>	<u>9</u>
<b>2. Goodwill</b>		
	2018	2017
Cost at the beginning of the year	12.024.672	9.222.672
Addition during the year	0	2.802.000
<b>Cost at the end of the year</b>	<u>12.024.672</u>	<u>12.024.672</u>
Depreciation and amortisation at the beginning of the year	-1.357.814	0
Amortisation for the year	-1.717.814	-1.357.814
<b>Impairment losses and amortisation at the end of the year</b>	<u>-3.075.628</u>	<u>-1.357.814</u>
<b>Carrying amount at the end of the year</b>	<u>8.949.044</u>	<u>10.666.858</u>
<b>3. Software &amp; development</b>		
Cost at the beginning of the year	50.000	0
Addition during the year	47.000	50.000
<b>Cost at the end of the year</b>	<u>97.000</u>	<u>50.000</u>
Amortisation for the year	-15.047	0
<b>Impairment losses and amortisation at the end of the year</b>	<u>-15.047</u>	<u>0</u>
<b>Carrying amount at the end of the year</b>	<u>81.953</u>	<u>50.000</u>
<b>4. Fixtures, fittings, tools and equipment</b>		
Cost at the beginning of the year	365.332	365.332
<b>Cost at the end of the year</b>	<u>365.332</u>	<u>365.332</u>
Depreciation and amortisation at the beginning of the year	-93.971	0
Amortisation for the year	-93.971	-93.971
<b>Impairment losses and amortisation at the end of the year</b>	<u>-187.942</u>	<u>-93.971</u>
<b>Carrying amount at the end of the year</b>	<u>177.390</u>	<u>271.361</u>

**Notes**

2018                      2017

**5. Statement of changes in equity**

	Contributed capital	Retained earnings	Total
Equity, beginning balance	500.000	-6.072.812	-5.572.812
Proposed distribution of results		836.968	836.968
	500.000	-5.235.844	-4.735.844

The share capital has remained unchanged for the last 5 years.

**6. Uncertainties relating to going concern**

In connection with the Board of Directors and the Executive Board's assessment of the assumption of going concern which forms the basis of the preparation of the Financial Statements for 2018, the Parent Company has confirmed that they will support the Company financially in the form of a loan to the extent necessary to finance the Company's operating activities and to settle its financial obligations in 2019. The loan and additional future loans will not be called unless the liquidity is adequate to justify such repayment.

**7. Liabilities under leases**

The office premises of the company has been leased with a 6 months tenure from the date of the balance sheet. The lease expense comprises 181.000 in the tenure period.

**8. Related parties**

Controlling interest

JMIB Holding BV  
Parent company

Jardine Lloyd Thompson Group PLC  
Ultimate parent company

Consolidated Financial Statements  
The Company is included in the Group Annual Report for the Parent Company

The Group Annual Report of Jardine Lloyd Thompson Group PLC may be obtained at the following address:

Jardine Lloyd Thompson Group PLC  
The St Botolph Building  
138 Houndsditch  
London  
EC3A 7AW  
United Kingdom

