

DUPI Underwriting Agencies Nordics A/S

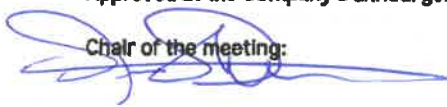
Bredgade 65, 2. th., 1260 København K

CVR no. 39 00 51 58

Annual report 2020

Approved at the Company's annual general meeting on 19 May 2021

Chair of the meeting:



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of DUPI Underwriting Agencies Nordics A/S for the financial year 1 January - 31 December 2020.

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 of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 19 May 2021
Executive Board:

Lars Christian Lou
Hendriksen
Adm. dir

Board of Directors:

Antonius Johannes
Engelbertus Cornel
Chair

Stijn Frans Gerard Bakkeren

Henrik Pilegaard

Independent auditor's report

To the shareholders of DUPI Underwriting Agencies Nordics A/S

Opinion

We have audited the financial statements of DUPI Underwriting Agencies Nordics A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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.



Independent auditor's report

- 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 19 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Thomas Hjortkjaer Petersen
State Authorised Public Accountant
mne33748



Management's review

Company details

Name

DUPI Underwriting Agencies Nordics A/S
former Orca Insurance Agency A/S
Bredgade 65, 2. th., 1260 København K

Address, Postal code, City

CVR no.

39 00 51 58

Established

10 October 2017

Registered office

København/Copenhagen

Financial year

1 January - 31 December

Website

<http://www.orcarisk.com/>

Board of Directors

Antonius Johannes Engelbertus Cornel, Chair
Stijn Frans Gerard Bakkeren
Henrik Pilegaard

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg,
Denmark



Management's review

Business review

The company was established on 10 October 2017.

The Company is an insurance agency that combines comprehensive marine risk engineering with tailored insurance coverage and exceptional in-house claims service. It applies an intelligent risk-based underwriting approach and deploys comprehensive risk management services. The risk-engineering department provides a flexible set of surveys, inspections and loss prevention services.

Financial review

The income statement for 2020 shows a loss of DKK 4,720,966 against a loss of DKK 13,054,572 last year, and the balance sheet at 31 December 2020 shows equity of DKK 4,948,815. A loss in 2020 was in accordance with Management's expectations and foreseeable as the company was sent into run off.

On 30 December 2019, Neon Underwriting Limited informed the Company that it was not renewing its binding authority for the 2020 underwriting year. At the same time, the Company's immediate holding company, Neon Holdings (UK) Limited informed the Company that it was withdrawing future capital support if the Company could not secure alternative funding and underwriting capacity by 31 January 2020. No alternative funding, or third-party underwriting capacity, had been secured by that date and the Board formally placed the Company into run-off at 13 February 2020.

The Company continues to manage the business in run-off and along with Neon remains fully committed to all policyholders. All policies underwritten by the Neon Underwriting Limited Syndicate 2468 will be honoured as per their terms and conditions. Syndicate 2468 remains fully capitalised by American Financial Group, Inc and, as with every other syndicate at Lloyd's, will continue to benefit from Lloyd's full chain of security.

December the 23rd 2020 The Company was sold to Dutch P&I Group (DUPi) and was subsequently renamed into Dutch Underwriting Agency Nordics (DUA Nordics). The Parent company DUPi, has issued a letter of support committing to assist the company in meeting its liabilities to the extent funds are not otherwise available to the Company until 19th of October 2022.

The sale between Neon Holdings (U.K.) Limited ('Neon') and DUPi MGA Invest BV ('DUPi') will legally be applicable in February 2021.

Management expects that there is sufficient liquidity to continue operating the Company.

The result for the year is negatively affected by the decision to run-off the Company. The decision has led to a significant reduction of staff.

Events after the balance sheet date

There have been no events in the period from 31 December 2020 until the presentation of the financial statement which could change the assessment of the annual report.



Financial statements 1 January - 31 December

Income statement

Note	DKK	2020	2019
	Gross profit	7,194,022	3,430,148
2	Staff costs	-11,947,841	-12,699,034
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-21,308	-484,143
	Profit/loss before net financials	-4,775,127	-9,753,029
	Financial income	1,348,221	713,964
	Financial expenses	-1,294,060	-2,503,842
	Profit/loss before tax	-4,720,966	-11,542,907
3	Tax for the year	0	-1,511,665
	Profit/loss for the year	-4,720,966	-13,054,572
	Recommended appropriation of profit/loss	-4,720,966	-13,054,572
	Retained earnings/accumulated loss	-4,720,966	-13,054,572



Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
	ASSETS		
	Fixed assets		
4	Property, plant and equipment		
	Office equipment	224,925	199,939
	IT equipment	2,527	48,821
		<u>227,452</u>	<u>248,760</u>
	Investments		
	Deposits, Investments	116,531	126,550
		<u>116,531</u>	<u>126,550</u>
	Total fixed assets	<u>343,983</u>	<u>375,310</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	715,637	1,038,164
	Receivables from group enterprises	0	27,783
	Other receivables	719,693	432,370
		<u>1,435,330</u>	<u>1,498,317</u>
	Cash	6,952,864	10,085,748
	Total non-fixed assets	<u>8,388,194</u>	<u>11,584,065</u>
	TOTAL ASSETS	<u>8,732,177</u>	<u>11,959,375</u>



Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	1,002,000	1,000,000
	Share premium account	37,275,298	7,999,975
	Retained earnings	-33,328,483	-28,607,517
	Total equity	4,948,815	-19,607,542
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Payables to group entities	0	18,422,843
		0	18,422,843
	Current liabilities other than provisions		
	Prepayments	581,472	0
	Trade payables	219,699	559,541
	Payables to group enterprises	649,547	8,413,786
	Other payables	2,176,641	3,323,369
	Deferred income	156,003	847,388
		3,783,362	13,144,074
		3,783,362	31,566,917
	TOTAL EQUITY AND LIABILITIES	8,732,177	11,959,375

- 1 Accounting policies
- 5 Contractual obligations and contingencies, etc.
- 6 Related parties



Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2020	1,000,000	7,999,975	-28,607,517	-19,607,542
Capital increase	2,000	29,275,323	0	29,277,323
Transfer through appropriation of loss	0	0	-4,720,966	-4,720,966
Equity at 31 December 2020	<u>1,002,000</u>	<u>37,275,298</u>	<u>-33,328,483</u>	<u>4,948,815</u>



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of DUP! Underwriting Agencies Nordics A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income is recognised in the income statement as earned. All costs, including depreciation and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 will flow from 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

Changes in accounting estimates

In 2019, the annual report was prepared based on the assumption that the Company was expected to run-off. Therefore, Management reassessed the depreciation period on property, plant and equipment, which entailed write-downs of DKK 288.578, and lease liabilities of DKK 1.750.898 was recorded in the balance sheet. In 2020, it was decided that Company should continue its business with a new ownership structure effective from February 2021. Hence, write-downs and liabilities has been reversed consequently.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Gross profit

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation and impairment

The item comprises depreciation and impairment of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Office equipment	5 years
IT equipment	3 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Prepayments

Prepayments comprise expenses incurred concerning subsequent financial years.



Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2020	2019	
2 Staff costs			
Wages/salaries	10,453,372	9,467,911	
Pensions	924,749	1,459,044	
Other social security costs	569,720	1,772,079	
	11,947,841	12,699,034	
Average number of full-time employees	6	8	
3 Tax for the year			
Deferred tax adjustments in the year	0	1,511,665	
	0	1,511,665	
4 Property, plant and equipment			
DKK	Office equipment	IT equipment	Total
Cost at 1 January 2020	694,769	169,648	864,417
Cost at 31 December 2020	694,769	169,648	864,417
Impairment losses and depreciation at 1 January 2020	494,830	120,827	615,657
Impairment losses	114,708	0	114,708
Depreciation	138,995	56,181	195,176
Reversal of prior year impairment losses	-278,689	-9,887	-288,576
Impairment losses and depreciation at 31 December 2020	469,844	167,121	636,965
Carrying amount at 31 December 2020	224,925	2,527	227,452
Depreciated over	5 years	3 years	



Financial statements 1 January - 31 December

Notes to the financial statements

5 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2020	2019
Rent and lease liabilities	2,318,246	1,230,533

6 Related parties

DUPI Underwriting Agencies Nordics A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
DUPI MGA Invest BV	Blaak 16, 6th floor 3011 TA Rotterdam	Shareholders' agreement

Information about consolidated financial statements

Parent	Domicile
DUPI Group B.V.	Blaak 16, 6th floor 3011 TA Rotterdam

On 22 December 2020 Neon Holdings (U.K.) Limited ('Neon') and DUPI MGA Invest BV ('DUPI') formally agreed on a transaction in which DUPI acquires 100% of the issued share capital of Orca Insurance Agency A/S from Neon.