

Lockton Insurance Brokers Denmark ApS

c/o Lockton Companies
Hellerupgårdvej 18
2900 Hellerup
Denmark

CVR no. 41 05 76 37

Annual report for the period 1 January 2020 – 30 April 2021

The annual report was presented and approved at the
Company's annual general meeting on

29 September 2021

Sam Clark
chairman

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Lockton Insurance Brokers Denmark ApS
Annual report 2020/21
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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Lockton Insurance Brokers Denmark ApS for the financial period 1 January 2020 – 30 April 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 April 2021 and of the results of the Company's operations for the financial period 1 January 2020 – 30 April 2021.

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.

Hellerup, 28 September 2021
Executive Board:

Evert-Jan Jouke Hentenaar

Jesper Nygaard

Marianne Gorridsen

Claus Quisgaard Trentel

Torben Søgaard Jensen

Hans Otto Koch

Independent auditor's report

To the shareholder of Lockton Insurance Brokers Denmark ApS

Opinion

We have audited the financial statements of Lockton Insurance Brokers Denmark ApS for the financial period 1 January 2020 – 30 April 2021 comprising 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 Company's assets, liabilities and financial position at 30 April 2021 and of the results of the Company's operations for the financial period 1 January 2020 – 30 April 2021 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 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.

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

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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 28 September 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Kim Schmidt
State Authorised
Public Accountant
mne34552

Anja Bjørnholt Lüthcke
State Authorised
Public Accountant
mne26779

Lockton Insurance Brokers Denmark ApS
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CVR no. 41 05 76 37

Management's review

Company details

Lockton Insurance Brokers Denmark ApS
c/o Lockton Companies
Hellerupgårdvej 18
2900 Hellerup
Denmark

CVR no.:	41 05 76 37
Established:	1 January 2020
Registered office:	Hellerup
Financial period:	1 January 2020 – 30 April 2021

Executive Board

Evert-Jan Jouke Hentenaar
Jesper Nygaard
Marianne Gorridsen
Claus Quisgaard Trentel
Torben Søgaard Jensen
Hans Otto Koch

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The Company's purpose is to run insurance brokerage, consulting and advisory business as well as all business that, in the opinion of the Executive Board, is connected with this.

Significant changes in the Company's activities and financial position

The Company's Income Statement of the first financial year 1 January 2020 - 31 April 2021 shows a negative result of t.DKK 13,356 and the Balance Sheet at 31 April 2021 a total of t.DKK 16,323 and a negative equity of t.DKK 3,316.

The management considers the financial performance to be satisfying in light of first year operations.

Lockton Denmark was formed in early 2020 as an investment by the Lockton International Group.

Lockton Denmark has shown performance and substantial growth that have exceeded the first financial year's expectations on all essential parameters and is considered very satisfying. The positive performance was achieved by new clients delivered by a stable, highly skilled and resourceful team.

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

Material uncertainties regarding going concern

The company has on 31 April 2021, lost more than half of its equity. In the new financial year and before the approval of the annual report, the equity has been re-established.

Events after the balance sheet date

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

Financial statements 1 January 2020 - 30 April 2021

Income statement

DKK	Note	1/1 2020- 30/4 2021
Gross profit		<u>6,374,063</u>
Staff costs	2	-19,418,053
Depreciation, amortisation and impairment losses		<u>-97,417</u>
Operating loss		-13,141,407
Financial expenses		<u>-214,508</u>
Loss before tax		-13,355,915
Tax on loss for the year		<u>0</u>
Loss for the year		<u><u>-13,355,915</u></u>
Proposed distribution of loss		
Retained earnings		<u>-13,355,915</u>
		<u><u>-13,355,915</u></u>

Financial statements 1 January 2020 - 30 April 2021

Balance sheet

DKK	Note	<u>30/4 2021</u>
ASSETS		
Fixed assets		
Intangible assets	3	
Software		<u>21,350</u>
Property, plant and equipment	4	
Fixtures and fittings, tools and equipment		338,906
Leasehold improvements		<u>139,627</u>
		<u>478,533</u>
Investments		
Deposits		<u>157,500</u>
Total fixed assets		<u>657,383</u>
Current assets		
Receivables		
Trade receivables		4,073,741
Other receivables		1,333,201
Prepayments		<u>966,116</u>
		<u>6,373,058</u>
Cash at bank and in hand		<u>9,292,555</u>
Total current assets		<u>15,665,613</u>
TOTAL ASSETS		<u><u>16,322,996</u></u>

Financial statements 1 January 2020 - 30 April 2021

Balance sheet

DKK	Note	<u>30/4 2021</u>
EQUITY AND LIABILITIES		
Equity		
Contributed capital		40,001
Share premium		9,999,999
Retained earnings		<u>-13,355,915</u>
Total equity		<u>-3,315,915</u>
Liabilities		
Current liabilities		
Trade payables		2,259,719
Payables to group entities		7,341,739
Other payables		8,141,594
Deferred income		<u>1,895,859</u>
		<u>19,638,911</u>
Total liabilities		<u>19,638,911</u>
TOTAL EQUITY AND LIABILITIES		<u><u>16,322,996</u></u>
Related party disclosures	5	

Financial statements 1 January 2020 - 30 April 2021

Statement of changes in equity

DKK	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 January 2020	40,000	0	0	40,000
Cash capital increase	1	9,999,999	0	10,000,000
Transferred over the distribution of loss	0	0	-13,355,915	-13,355,915
Equity at 30 April 2021	40,001	9,999,999	-13,355,915	-3,315,915

Financial statements 1 January 2020 - 30 April 2021

Notes

1 Accounting policies

The annual report of Lockton Insurance Brokers Denmark ApS for 2020/21 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

As interpretation for revenue recognition, the company has applied IAS18. Revenue from the mediation of insurance services is included in revenues when delivery and transfer of risk to the buyer has occurred, at the earliest when the underlying brokered insurance contract is in force. For intermediation contracts, where the company also is committed to the provision of other services (multiple element contracts), the income is recognized as the services are provided. Typically calculated according to the incurred/anticipated internal resource requirements.

Revenue is recognized at the gross amount before any costs to subcontractors or group entities used to deliver the service, due to the fact that Lockton Insurance Brokers Denmark ApS is the entity which has the main risk in delivering the service.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, etc.

Financial statements 1 January 2020 - 30 April 2021

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding payables and transactions denominated in foreign currencies.

Tax on loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Deferred tax is not recognized in the balance sheet due to uncertainties on future utilization of the asset.

Balance sheet

Intangible assets

Software

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the contract period, however, not exceeding 2 years.

Property, plant and equipment

Fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 January 2020 - 30 April 2021

Notes

1 Accounting policies (continued)

Investments

Deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as deposits is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is not recognized in the balance sheet due to uncertainties on future utilization of the asset.

Liabilities

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Financial statements 1 January 2020 - 30 April 2021

Notes

DKK				1/1 2020- 30/4 2021
2 Staff costs				
Wages and salaries				17,455,364
Other social security costs				<u>1,962,689</u>
				<u>19,418,053</u>
Average number of full-time employees				<u>7</u>
3 Intangible assets				
DKK				Software
Cost at 1 January 2020				0
Additions for the year				<u>24,400</u>
Cost at 30 April 2021				<u>24,400</u>
Amortisation for the year				<u>-3,050</u>
Amortisation and impairment losses at 30 April 2021				<u>-3,050</u>
Carrying amount at 30 April 2021				<u>21,350</u>
4 Property, plant and equipment				
DKK	Fixtures and fittings, tools and equipment	Leasehold improvements	Total	
Cost at 1 January 2020	0	0	0	
Additions for the year	<u>418,148</u>	<u>154,751</u>	<u>572,899</u>	
Cost at 30 April 2021	<u>418,148</u>	<u>154,751</u>	<u>572,899</u>	
Depreciation and impairment losses at 1 January 2020	0	0	0	
Depreciation for the year	<u>-79,242</u>	<u>-15,124</u>	<u>-94,366</u>	
Depreciation and impairment losses at 30 April 2021	<u>-79,242</u>	<u>-15,124</u>	<u>-94,366</u>	
Carrying amount at 30 April 2021	<u>338,906</u>	<u>139,627</u>	<u>478,533</u>	

Financial statements 1 January 2020 - 30 April 2021

Notes

5 Related party disclosures

Lockton Insurance Brokers Denmark ApS' related parties comprise the following:

Control

Lockton Overseas Limited, The St. Botolph Building, 138 Houndsditch, London, EC3A 7AG, United Kingdom.

Lockton Overseas Limited holds the majority of the contributed capital in the Company.

Lockton Insurance Brokers Denmark ApS is part of the consolidated financial statements of LIH UK Topco Limited, The St. Botolph Building, 138 Houndsditch, London, EC3A 7AG, which is the smallest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of LIH UK Topco Limited can be obtained by contacting the Company at the address above.