

Lockton Insurance Brokers Denmark ApS

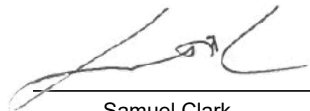
Strandvejen 203,

2900 Hellerup

CVR No. 41057637

Annual Report 2022/23

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on
3rd October 2023

A handwritten signature in black ink, appearing to read 'S. Clark', is written over a horizontal line.

Samuel Clark
Chairman

Contents

Management's Statement	3
Independent Auditors' Report	4
Company Information	7
Management's Review	8
Accounting Policies	10
Income Statement	13
Balance Sheet	14
Statement of changes in Equity	16
Notes	17

Management's Statement

Today, Management has considered and adopted the Annual Report of Lockton Insurance Brokers Denmark ApS for the financial year 1 May 2022 - 30 April 2023.

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 30 April 2023 and of the results of the Company's operations for the financial year 1 May 2022 - 30 April 2023.

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

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

Hellerup, 19 September 2023

Executive Board




Evert-Jan Jouke Hentenaar



Jesper Møgelgaard



Claus Quisgaard Trentel



Marianne Gorridsen

Independent Auditors' Report

To the shareholders of Lockton Insurance Brokers Denmark ApS

Opinion

We have audited the financial statements of Lockton Insurance Brokers Denmark ApS for the financial year 1 May 2022 - 30 April 2023, 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 2023 and of the results of the Company's operations for the financial year 1 May 2022 - 30 April 2023 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standard 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.

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.

The auditor's responsibility 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 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 financial statement 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 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.

Independent Auditors' 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 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 that we identify during our audit.

Statement on 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 opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements 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 with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 19 September 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR-no. 25578198


Kim Schmidt

State Authorised Public Accountant

mne34552

Lockton Insurance Brokers Denmark ApS

Company details

Company	Lockton Insurance Brokers Denmark ApS Strandvejen 203, 2900 Hellerup
CVR No.	41057637
Financial year	1 May 2022 - 30 April 2023
Executive Board	Evert-Jan Jouke Hentenaar Claus Quisgaard Trentel Marianne Gorridsen Jesper Nygaard
Auditors	KPMG . Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø CVR-no.: 25578198

Management's Review

Principal activities

The Company's principal activities is to perform 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 for the fiscal year 2022/23 shows a loss of t.DKK 24,182, compared to a loss of t.DKK 19,477 for the fiscal year 2021/22 April 2022. As of April 30, 2023, the Company's equity on the balance sheet stands at a negative t.DKK 2,475, in contrast to a positive t.DKK 4,707 on April 30, 2022.

During the financial year, the Company received a capital injection of mDKK 17, and in the new financial year 2023/24, it received an additional mDKK 15 from the Parent Company, Lockton Overseas Limited. These injections were provided as Inter-Group grants and not as part of a capital raise, ensuring a positive equity position upon approval of the annual report for 2022/23.

Despite the year's financial result, the Company has remained committed to investing in Lockton's market position and making significant progress towards its strategic goals, and overall considers the year's result satisfying.

The primary activities of the Company are within two main areas (i) General Insurance, consisting of risk and insurance advisory services, and (ii) Employee Benefits, consisting of pension and employee benefits consulting services.

(i) General Insurance:

The General Insurance business unit has continued its successful build-out, entering its third year of operation. The financial performance for this year has once again surpassed expectations and the business unit exceeded its budgeted plan. The continued strong performance can be attributed to increased work with existing clients, and the arrival of a number of new clients as well as the successful execution of project-based assignments, primarily within the construction and transactional risk space. Additionally, this business unit has consistently invested in building a highly skilled team and has expanded by adding numerous experienced specialists to better serve the existing client base and facilitate future growth.

During the financial year, the Company made an additional investment by establishing a branch/subsidiary in Sweden. This establishment aims to enhance the ability to provide superior service to Lockton's clients in the Scandinavian market.

(ii) Employee Benefits:

In 2021, Lockton ventured into the Danish Employee Benefits market. While the initial financial results were below expectations, there was hope that the determined strategy was the right one to continue, but it did not yield the desired outcomes during the financial period since acquisition. Strategic decisions made by the shareholder and management during the year to revitalize the investment in Employee Benefits have significantly impacted the overall financial results primarily due to the impairment of acquired intangible assets. The Company and shareholder are currently evaluating the future strategy for the Employee Benefits business.

The Management expects the Company to continue its growth strategy delivering first-class advisory services to clients within its respective business areas. The expectation is to continue strengthening the team and expand the client base, leading to continued growth in revenues and underlying performance in the coming years.

Management's Review

Going concern consideration

As of April 30, 2023, the company had 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 through a capital injection of mDKK 15 in September 2023 from the Parent Company.

Lockton Denmark has received a Letter of Support from the Group, ensuring ongoing financial and other support for Lockton Denmark throughout the new financial year 2023/24. This commitment enables Lockton Denmark to maintain its operational stability and meet its financial obligations as they become due. The Group intends to extend this support into the foreseeable future.

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.

Accounting Policies

Reporting Class

The annual report of Lockton Insurance Brokers Denmark ApS for 2022/23 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with additional rules from higher reporting classes..

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 into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the income statement under financial income and expenses.

Income statement

Gross profit/loss

The Company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, change in inventories of finished goods, work in progress and goods for resale, other operating income, costs for raw materials and consumables and other external expenses.

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 recognised 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.

Raw materials and consumables used

Costs for raw materials and consumables comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external expenses

Other external expenses include expenses for distribution, sales, advertising, administration, premises, bad debts, operating leasing expenses etc.

Staff costs

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

Other operating expenses

Other operating expenses include items relating to activities secondary to the main activity of the enterprises.

Accounting Policies

Financial income and expenses

Financial income and expenses are recognised in the income statement based at the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, financial expenses 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 advance-payment of tax scheme.

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 patents are measured at cost less accumulated amortisation and impairment losses. Acquired Patents are amortised on a straight-line basis over the remaining life of the patent, however, not exceeding 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

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

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials; components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual component differ.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the individual assets and their residual values:

	Useful life
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	10 years

Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amounts at the time of sale. Gains or losses are recognised in the income statement as other operating income or other operating expense.

The carrying amounts of property plant and equipment are tested annually to determine whether there is any indication of impairment other than what is expressed by amortization and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually of ongoing development projects, whether or not there is any indication of impairment.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where

Accounting Policies

the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Deposits

Deposits are measured at cost.

Receivables

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

Impairment of accounts receivables past due is established on individual assessment of receivables.

In trade receivables, client intermediaries are included, consisting of the net amount of client accounts at the bank and client responses. Offset has been done by recognition in the balance sheet, while the gross amount is specified in the note.

Client accounts at the bank contain all the entrusted funds held in specific client accounts at the bank, and client responses encompass all the amounts collected on behalf of third parties.

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Current tax liabilities

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

Other payables

Other payables are measured at amortized cost, which usually corresponds to the nominal value.

Accruals and deferred income entered as liabilities

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2022/23 kr.	2021/22 kr.
Gross profit		31.992.657	21.165.190
Staff costs	1	-48.008.143	-38.198.108
Depreciation, amortisation and impairment losses		-7.954.447	-2.293.108
Other operating expenses		0	-133.301
Loss before financial income and expenses		-23.969.933	-19.459.327
Finance expenses		-212.303	-17.802
Loss before tax		-24.182.236	-19.477.129
Tax on loss for the year		0	0
Loss for the year		-24.182.236	-19.477.129
Proposed distribution of loss			
Retained earnings		-24.182.236	-19.477.129
Distribution of loss		-24.182.236	-19.477.129

Lockton Insurance Brokers Denmark ApS

Balance Sheet as of 30 April

	Note	2023 kr.	2022 kr.
Assets			
Acquired intangible assets	2	0	9.627.333
Intangible assets		<u>0</u>	<u>9.627.333</u>
Fixtures, fittings, tools and equipment	3	1.041.653	360.643
Leasehold improvements	4	843.702	853.460
Property, plant and equipment		<u>1.885.355</u>	<u>1.214.103</u>
Deposits, investments		<u>1.072.437</u>	<u>680.800</u>
Investments		<u>1.072.437</u>	<u>680.800</u>
Fixed assets		<u>2.957.792</u>	<u>11.522.236</u>
Trade receivables	5	4.349.866	3.806.868
Other receivables		88.424	0
Prepayments		<u>3.365.193</u>	<u>1.590.863</u>
Receivables		<u>7.803.483</u>	<u>5.397.731</u>
Cash at bank and in hand		<u>14.573.892</u>	<u>10.767.397</u>
Current assets		<u>22.377.375</u>	<u>16.165.128</u>
Assets		<u>25.335.167</u>	<u>27.687.364</u>

Balance Sheet as of 30 April

	Note	2023 kr.	2022 kr.
Liabilities and equity			
Contributed capital		40.001	40.001
Share premium		9.999.999	9.999.999
Retained earnings		-12.515.280	-5.333.044
Equity		-2.475.280	4.706.956
Trade payables		996.021	0
Payables to group enterprises		1.148.342	0
Tax payables		7.433.455	6.778.324
Other payables		16.874.959	13.386.099
Deferred income		1.357.670	2.815.985
Current liabilities		27.810.447	22.980.408
Total liabilities		27.810.447	22.980.408
Liabilities and equity		25.335.167	27.687.364
Contingent liabilities	6		
Collaterals and assets pledges as security	7		

Lockton Insurance Brokers Denmark ApS

Statement of changes in Equity

	Contributed capital	Share premium	Retained earnings	Total
Equity 1 May 2022	40.001	9.999.999	-5.333.044	4.706.956
Profit (loss)	0	0	-24.182.236	-24.182.236
Contribution from group	0	0	17.000.000	17.000.000
Equity 30 April 2023	<u>40.001</u>	<u>9.999.999</u>	<u>-12.515.280</u>	<u>-2.475.280</u>

The company's owner, Lockton Overseas Limited, has given a letter of support to Lockton Insurance Brokers Denmark ApS, in which the parent company guarantees to provide the necessary business and financial support to the company, enabling it to meet its current and potential obligations for at least one year from the approval of the 2022/23 annual report by the shareholders' meeting.

Therefore, the management considers that the going concern assumption is satisfied.

Notes

	2022/23	2021/22
1. Staff costs		
Wages and salaries	42.708.150	34.255.770
Social security contributions	5.299.993	3.942.338
	<u>48.008.143</u>	<u>38.198.108</u>
 Average number of full-time employees	 26	 20
2. Acquired intangible assets		
Cost at the beginning of the year	11.715.000	11.715.000
Cost at the end of the year	<u>11.715.000</u>	<u>11.715.000</u>
 Depreciation and amortisation at the beginning of the year	 -2.087.667	 0
Amortisation for the year	-2.241.509	-2.087.667
Impairment losses for the year	-8.062.433	0
Reversal of impairment losses and amortisation of disposed assets	676.609	0
Impairment losses and amortisation at the end of the year	<u>-11.715.000</u>	<u>-2.087.667</u>
 Carrying amount at the end of the year	 <u>0</u>	 <u>9.627.333</u>
3. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	584.047	584.047
Addition during the year, incl. improvements	943.733	0
Cost at the end of the year	<u>1.527.780</u>	<u>584.047</u>
 Depreciation and amortisation at the beginning of the year	 -223.404	 -180.115
Amortisation for the year	-262.723	-43.289
Impairment losses and amortisation at the end of the year	<u>-486.127</u>	<u>-223.404</u>
 Carrying amount at the end of the year	 <u>1.041.653</u>	 <u>360.643</u>
4. Leasehold improvements		
Cost at the beginning of the year	887.065	887.065
Addition during the year, incl. improvements	84.456	0
Cost at the end of the year	<u>971.521</u>	<u>887.065</u>
 Depreciation and amortisation at the beginning of the year	 -33.605	 -33.605
Amortisation for the year	-94.214	0
Impairment losses and amortisation at the end of the year	<u>-127.819</u>	<u>-33.605</u>
 Carrying amount at the end of the year	 <u>843.702</u>	 <u>853.460</u>

Notes

5. Trade receivables

In the accounting entry, a setoff has been made against the balance for client accounts amounting to DKK 31,117,161.

6. Contingent liabilities

Rent payments regarding non-cancellable periods DKK 7,486,233.

7. Related Party disclosures

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

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, 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.