



Marsh A/S

Teknikerbyen 1
2830 Virum
CVR No. 87377016

Annual report 2020

The Annual General Meeting adopted the
annual report on 31.05.2021

Lars Henrik Mathiasen

Chairman of the General Meeting

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Entity details

Entity

Marsh A/S

Teknikerbyen 1

2830 Virum

CVR No.: 87377016

Registered office: Rudersdal

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Palle Stegelmann Kensø, chairman

Carl Henrik Samuel Rydén

Nicholas John Holmes

Executive Board

Henrik Larsen, CEO

Lars Henrik Mathiasen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Marsh A/S for the financial year 01.01.2020 - 31.12.2020.

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 Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Virum, 31.05.2021

Executive Board

Henrik Larsen
CEO

Lars Henrik Mathiasen

Board of Directors

Palle Stegelmann Kensø
chairman

Carl Henrik Samuel Rydén

Nicholas John Holmes

Independent auditor's report

To the shareholders of Marsh A/S

Opinion

We have audited the financial statements of Marsh A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 31.05.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Kristoffer Sune Hemmingsen

State Authorised Public Accountant
Identification No (MNE) mne33384

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Gross profit/loss	89,248	84,458	84,825	97,776	86,147
Operating profit/loss	11,872	(11,053)	1,529	17,365	15,241
Net financials	(1,222)	(624)	(13)	(667)	(62)
Profit/loss for the year	22,263	1,345	9,039	21,387	17,972
Total assets	188,861	167,559	157,247	213,841	199,570
Equity	2,409	(12,563)	15,628	22,909	23,522
Ratios					
Return on equity (%)	(438,3)	43,9	46,9	92,1	54,4
Solvency ratio (%)	1,27	(7,5)	9,9	10,7	11,8
Risk Adjusted Equity ratio*	5,6	21,6	40,4	26,0	25,0

Figures for 2019 have been adjusted for the merger with JLT Specialty Insurance Brokers A/S.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Optional ratio 7 (%):

Solvency ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Optional ratio 8 (%):

Risk adjusted Equity ratio (%):

$\frac{\text{Equity} * 100}{(\text{Total assets less risk free assets})}$

Risk free assets consist of both cash and receivables regarding insurance premiums not settled with the insurance companies at the balance sheet date.

*The calculation method has been adjusted from 2018.

Primary activities

Marsh A/S is part of Marsh & McLennan Companies, Inc. (MMC) a global professional services firm with business in risk and insurance services, investment management, and consulting. MMC is listed on the New York stock exchange.

The Company's activities comprise management of insurance arrangements and risk management consulting.

A considerable part of the consulting is development and delivery of risk strategies and services, and in cooperation with clients to establish the known insurable risks as well as the strategic, commercial, market-related, operational, and other risks that may threaten the values and objectives of a company.

As member of Forsikringsmæglerforeningen i Danmark (The Insurance Broker Association in Denmark) the company upholds separate fiduciary accounts for the securing of premium received from clients, which premium is subsequently paid to Insurers.

Development in activities and finances

The development in the entity's activities has been stable.

The activities were not materially affected by Covid-19.

Profit/loss for the year in relation to expected developments

The result of the year shows a profit of DKK'000 22,263, compared to a profit last year of DKK'000 18,044.

The year's result is satisfying. However, the merger with JLT Specialty Insurance Brokers A/S May 1, 2020 have had a negative effect of the equity of DKK 28.7 millions.

Outlook

Gross profit and Profit for the year are expected to increase.

The company does not expect any material effect on the profit performance as a result of the COVID-19.

Particular risks

Currency risks

The company's cooperation with primarily internationally affiliated companies means that its financial results of operations and shareholders equity are affected by fluctuations in the exchange rates of a number of foreign currencies. As the company's transactions in foreign currencies are not significant, they do not constitute any accounting risk.

Interest-rate risks

As the company currently does not have interest carrying debt, moderate change in the interest level will not have any significant impact on earnings.

Intellectual capital resources

As an intellectual capital resource the employees in particular are important for the future earnings of the company. This involves especially the experience of the employees, professional competence and the interface to all of the different interest groups around the company.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Gross profit/loss		89,248	84,458
Staff costs	2	(75,566)	(91,183)
Depreciation, amortisation and impairment losses		(1,810)	(4,328)
Operating profit/loss		11,872	(11,053)
Income from investments in group enterprises	3	13,270	14,814
Other financial income		276	212
Other financial expenses		(1,498)	(836)
Profit/loss before tax		23,920	3,137
Tax on profit/loss for the year	4	(1,657)	(1,792)
Profit/loss for the year	5	22,263	1,345

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Goodwill		3,953	5,270
Intangible assets	6	3,953	5,270
Other fixtures and fittings, tools and equipment		1,292	1,727
Leasehold improvements		98	132
Property, plant and equipment	7	1,390	1,859
Investments in group enterprises		5,597	3,097
Other investments		352	352
Deposits		806	863
Deferred tax	9	860	151
Financial assets	8	7,615	4,463
Fixed assets		12,958	11,592
Trade receivables	10	93,693	62,464
Receivables from group enterprises		2,660	12,958
Other receivables		383	953
Tax receivable		1,728	2,319
Prepayments	11	153	154
Receivables		98,617	78,848
Cash		77,286	77,119
Current assets		175,903	155,967
Assets		188,861	167,559

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital	12	965	965
Retained earnings		1,444	(13,528)
Equity		2,409	(12,563)
Other payables		6,736	2,076
Non-current liabilities other than provisions	13	6,736	2,076
Trade payables		133,547	106,147
Payables to group enterprises		6,635	30,804
Other payables		31,830	34,672
Deferred income	14	7,704	6,423
Current liabilities other than provisions		179,716	178,046
Liabilities other than provisions		186,452	180,122
Equity and liabilities		188,861	167,559
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Related parties with controlling interest	17		
Non-arm's length related party transactions	18		
Group relations	19		

Statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	965	7,907	8,872
Effect of mergers and business combinations	0	(28,726)	(28,726)
Profit/loss for the year	0	22,263	22,263
Equity end of year	965	1,444	2,409

Effect of mergers and business combinations relate to the merger with JLT Specialty Insurance Broker A/S as per 1 January 2020.

Notes

1 Events after the balance sheet date

The company does not expect any material effect on the profit performance as a result of the COVID-19.

No other events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

2 Staff costs

	2020	2019
	DKK'000	DKK'000
Wages and salaries	66,739	79,092
Pension costs	7,899	9,761
Other social security costs	928	2,330
	75,566	91,183
Average number of full-time employees	87	100

	Remuneration of management 2020 DKK'000	Remuneration of management 2019 DKK'000
Total amount for management categories	6,082	6,070
	6,082	6,070

3 Income from investments in group enterprises

Income from investments in group enterprises comprise received dividends of DKK'000 10,770 reversed impairment losses of DKK'000 2,500.

The impairment losses were reversed because the preconditions for the impairment loss no longer exist.

4 Tax on profit/loss for the year

	2020	2019
	DKK'000	DKK'000
Current tax	2,368	1,795
Change in deferred tax	(711)	(3)
	1,657	1,792

5 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Extraordinary dividend distributed in the financial year	0	14,800
Retained earnings	22,263	(13,455)
	22,263	1,345

6 Intangible assets

	Goodwill DKK'000
Addition through business combinations etc	9,223
Cost end of year	9,223
Addition through business combinations etc	(3,953)
Amortisation for the year	(1,317)
Amortisation and impairment losses end of year	(5,270)
Carrying amount end of year	3,953

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	8,341	869
Additions	21	0
Cost end of year	8,362	869
Depreciation and impairment losses beginning of year	(6,612)	(737)
Depreciation for the year	(458)	(34)
Depreciation and impairment losses end of year	(7,070)	(771)
Carrying amount end of year	1,292	98

8 Financial assets

	Investments in group enterprises DKK'000	Other investments DKK'000	Deposits DKK'000	Deferred tax DKK'000
Cost beginning of year	5,597	352	819	149
Addition through business combinations etc	0	0	44	0
Additions	0	0	0	711
Disposals	0	0	(57)	0
Cost end of year	5,597	352	806	860
Impairment losses beginning of year	(2,500)	0	0	0
Reversal of impairment losses	2,500	0	0	0
Impairment losses end of year	0	0	0	0
Carrying amount end of year	5,597	352	806	860

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Marsh Kindlustusmaakler AS	Estonia	AS	100	4,899	2,763
Marsh Lietuva UADBB	Lithuania	UADBB	100	3,777	1,719
Marsh & McLennan Agency A/S	Rudersdal	A/S	100	9,943	8,897

9 Deferred tax

	2020 DKK'000	2019 DKK'000
Intangible assets	1,565	0
Property, plant and equipment	165	148
Deferred tax	1,730	148

Changes during the year	2020 DKK'000	2019 DKK'000
Beginning of year	151	148
Recognised in the income statement	709	3
End of year	860	151

Deferred tax realizes for future tax deductions, which management estimates may be used to reduce future tax payable.

10 Trade receivables

In the item unpaid premiums due to Insurance Companies, which relates to premiums not paid by policyholders, is included with DKK'000 78,080 (2019: DKKLaunchApplication2 '000 55,810).

11 Prepayments

Prepayments include prepayments of insurance and other expenses.

12 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
A-Shares	900	1,000	900
B-Shares	65	1,000	65
	965		965

13 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK'000
Other payables	6,736
	6,736

Other payables relate to reserve for holiday pay for the period 01.09.2019-31.08.2020 and is due for payment at the time of the employees retirement. The balance has been settled with LD-Fonde in April 2021.

14 Deferred income

Deferred income include accrued revenue relating to insurance offerings sold.

15 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Liabilities under rental or lease agreements until maturity in total	3,105	3,288

16 Contingent liabilities

The Entity is the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

17 Related parties with controlling interest

Name	Registered office	Basis of influence
Marsh & McLennan Companies, Inc.	1166 Avenue of Americas, NY 10036 New York, USA	Ultimate parent
Marsh LLC	1166 Avenue of Americas, NY 10036 New York, USA	Parent of the below listed entity
Marsh USA Inc.	1166 Avenue of Americas, NY 10036 New York, USA	Parent of the below listed entity
Marsh Int'l Holdings Inc.	1166 Avenue of Americas, NY 10036 New York, USA	Parent of the below listed entity
Marsh Int'l Holdings II	1166 Avenue of Americas, NY 10036 New York, USA	Parent of the below listed entity
MMC Int'l Holdings LLC	1166 Avenue of Americas, NY 10036 New York, USA	Parent of the below listed entity
Cascade Regional Holdings Ltd.	1 Tower Place West, London EC3R 5BU	Parent of the below listed entity
MMC Regional Europe Holdings B.V	Conradstraat 18A, 3013 AP Rotterdam	Parent company

18 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Marsh & McLennan Companies, Inc., 1166 Avenue of Americas, NY 10036 New York, USA.

Copies of the consolidated financial statements of Marsh & McLennan Companies, Inc. may be ordered at the following address:

Marsh & McLennan Companies, Inc., 1166 Avenue of Americas, NY 10036 New York, USA

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Business combinations

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

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.

Revenue from other services is recognized upon delivery.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for

entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises interest income, net capital gains on payables and foreign currency transactions as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital losses on payables and foreign currency transactions as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straightline depreciation is made on the basis of the following estimated useful lives of the assets:

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

For leasehold improvements, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise unlisted securities which are measured at cost.

Other investments are written down to the lower of recoverable amount and carrying amount.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Pursuant to section 86(1) of the Danish Financial Statements Act there has not been prepared cash flow statement.