

## Preliminary statement of financial results for 2021

- **Alm. Brand generated a consolidated pre-tax profit on continuing activities excluding special costs of DKK 839 million in 2021, against a pre-tax profit of DKK 796 million in 2020. The performance reflected a sustained highly satisfactory trend in non-life insurance activities and an improved investment result relative to 2020. The consolidated profit for the group also includes costs associated with the acquisition and preparations for the integration of Codan Forsikring's Danish business ("Codan"), bringing the pre-tax profit on continuing activities to DKK 698 million.**
- **Gross premiums were up 1.2% to DKK 5,407 million, with strongly performing non-life insurance operations improving the underlying combined ratio by 1.5%.**
- **The Board of Directors recommends that an ordinary dividend of DKK 0.30 per share be paid in respect of the 2021 financial year, corresponding to a payout ratio of 77% of the ordinary profit on continuing activities after tax.**
- **Alm. Brand expects a positive trend in 2022 with continued focus on improving the underlying insurance operations, integrating Codan and realising expected synergies.**

CEO Rasmus Werner Nielsen:

*"We are today announcing highly satisfactory financial results for 2021. Looking back at the past year, it is evident that the Alm. Brand Group is undergoing a transformation of historic proportions. The acquisition of Codan's Danish business last summer and the subsequent sale of our pension business provided a strong foundation on which we can now build the new and enlarged Alm. Brand as a sharply focused non-life insurer for the benefit of our customers. In 2021, both private and commercial customers expressed growing satisfaction with the services we provide, and in changeable times with COVID-19 we made a great effort to provide peace of mind for our customers. I am pleased that the persistent and dedicated efforts by our competent employees have made such a remarkable difference.*

*Last year, we were assigned an insurance financial strength rating of A+ by credit rating agency Fitch, and we completed a successful bond issue and a successful rights issue as part of our preparations to acquire Codan.*

*Likewise, 2022 looks to become an eventful year with the combination of Codan and Alm. Brand into a joint, leading insurance group dedicated to developing the market's best insurance solutions for our customers."*

Alm. Brand generated a consolidated pre-tax profit on continuing activities excluding special costs of DKK 839 million in 2021, against a pre-tax profit of DKK 796 million in 2020. The profit for 2021 also included costs in a total amount of DKK 141 million associated with the acquisition and integration of Codan etc., bringing the profit on continuing activities to DKK 698 million. The profit for 2020 included special costs for restructurings and corporate expenses related to the divestment of the bank of DKK 98 million, leaving also the profit for 2020 at DKK 698 million. The 2021 profit was highly satisfactory.

Non-life Insurance reported a technical result of DKK 803 million in 2021, against DKK 793 million in 2020, reflecting a continued favourable trend with an improved underlying business, but also a generally higher level of weather-related and major claims than in 2020. As in 2020, non-life insurance activities were affected by COVID-19 and the partial

lockdown of society for parts of the year, which on the one hand meant that claims expenses were below normal, while on the other hand it became more difficult to generate new sales, and premium growth was therefore below the expected level. The combined ratio excluding COVID-19 effects was 86.2, against 87.3 in 2020. The profit of Non-life Insurance also included a DKK 101 million contribution from investments, against DKK 63 million last year, bringing the pre-tax profit before special costs to DKK 904 million. The performance was highly satisfactory.

### ***Discontinued activities***

On 1 October 2021, Alm. Brand entered into an agreement to sell Alm. Brand Liv og Pension to Nordic I&P, see company announcement no. 29/2021. The transaction has been approved by the Danish Financial Supervisory Authority and is expected to be closed very soon. As a result of the divestment, the profit of Alm. Brand Liv og Pension is recognised under discontinued activities.

In 2021, Alm. Brand Liv og Pension generated a pre-tax profit of DKK 116 million including the result of health and accident insurance, against a pre-tax profit of DKK 135 million in 2020, with total pension contributions amounting to DKK 1,434 million in 2021, against DKK 1,504 million in 2020, primarily due to a decline in single payments. The performance was satisfactory.

### **Update on the acquisition of Codan**

Through a rights issue and a credit bond issue completed in the second half of 2021, Alm. Brand raised a total amount of DKK 11.8 billion to finance the acquisition of Codan.

Moreover, a comprehensive programme has been initiated to prepare for the integration of Codan and the subsequent combination of the two companies, and Alm. Brand has been in ongoing and comprehensive dialogue with relevant authorities to obtain the approvals required to acquire Codan.

In November 2021, Alm. Brand was granted approval by the Danish Financial Supervisory Authority to complete the acquisition, and in January 2022 Alm. Brand was notified by the Danish Competition and Consumer Authority that its application to acquire Codan had entered Phase 2.

### **Dividend**

Against the backdrop of the profit achieved, the Board of Directors recommends that a dividend of DKK 0.30 per share be paid in respect of 2021, corresponding to a payout ratio of 77% of the ordinary profit on continuing activities after tax. This means that Alm. Brand will distribute DKK 462 million in respect of the 2021 financial year in continuation of the general meeting scheduled to be held in April 2022.

After the dividend payout, Alm. Brand will still be strongly capitalised with a solvency coverage ratio of 210%. The capitalisation level is considered sufficient to resist very severe stresses.

### **Outlook for 2022**

Alm. Brand's consolidated profit for 2022 will be the sum of the profit generated by the present Alm. Brand and the profit generated by Codan plus realised synergies and less integration costs.

The current outlook comprises the financial performance of the present Alm. Brand.

Alm. Brand expects to report a pre-tax profit on ordinary activities of DKK 450-500 million excluding run-off gains and losses in 2022.

Non-life Insurance is expected to post a pre-tax profit of DKK 525-575 million. The guidance reflects that Denmark in January 2022 was hit by Malik, the most severe windstorm in six years. The claims expenses related to this claims event are estimated at DKK 50-75 million. In addition, the guidance is based on premium growth of 3-4%, which includes a significant growth contribution from partnerships. Unlike 2021, the guidance for 2022 does not include a potential COVID-19 impact on the claims experience and, moreover, it reflects an average claims experience for the rest of the year for both weather-related claims and major claims. The expense ratio is expected to be about 16.5%, and the combined ratio excluding run-offs is expected to be 90-91.

Other activities are expected to report a pre-tax loss of DKK 75 million, which includes costs related to the placement of the purchase price for Codan until closing of the transaction.

In addition, given that closing of the Codan transaction will take place in spring 2022, Alm. Brand expects to launch restructuring measures which will lead to the realisation of synergies with an accounting effect of DKK 90 million in 2022.

The sale of Alm. Brand Liv og Pension A/S was not completed in 2021, and the profit guidance related to the transaction has therefore been carried over into 2022, meaning that Alm. Brand expects to report a profit on discontinued activities of about DKK 485 million, consisting of a gain of close to DKK 545 million from the sale of Alm. Brand Liv og Pension A/S after recognition of costs directly associated with the transaction less transaction-related restructuring costs of about DKK 60 million.

Codan's technical result and the amount of restructuring costs will be announced as soon as possible after the acquisition.

The financial outlook is based on the assumption of continued low interest rates in 2022. The group has a substantial portfolio of investment assets, and a continued low interest rate level therefore affects the group's business area.

### **Financial targets**

Alm. Brand has a target of a return on invested capital of 7% after tax related to the acquisition of Codan.

Moreover, Alm. Brand has defined a target for the combined group to triple the pre-tax profit relative to the original guidance range for 2021 of DKK 600-650 million. Adjusted to reflect the sale of Alm. Brand Liv og Pension and the resulting loss of earnings from these activities, Alm. Brand aims to generate a pre-tax profit of DKK 1.7-1.8 billion excluding run-offs in the medium term.

Alm. Brand maintains its dividend policy and will thus distribute at least 70% of the profit for the year after tax to the shareholders.

In Q4 2022, after closing of the Codan transaction, Alm. Brand expects to specify its financial targets for the combined group for the period until 2025.

### **Webcast and conference call**

Alm. Brand will host a conference call for investors and analysts today, Thursday 10 February 2022 at 11:00 a.m. The conference call and presentation will be available from Alm. Brand's investor website, [www.investorrelations.almbrand.dk](http://www.investorrelations.almbrand.dk).

Conference call dial-in numbers for investors and analysts:

Denmark: +45 8233 3194

United Kingdom: +44 333 300 9035

USA: +1 631 913 1422 PIN: 19932539#

Link to webcast: [Click here](#).

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