

Interim report Q2 2021

- Alm. Brand generated a pre-tax profit of DKK 334 million in Q2 2021 excluding costs related to the acquisition of Codan against a profit on continuing activities of DKK 328 million in Q2 2020. Including these costs the pre-tax profit was DKK 244 million. The Q2 2021 profit reflected a highly satisfactory performance of Non-life Insurance and continued satisfactory earnings in Life Insurance as well as a positive investment result, albeit lower than last year.
- The level of business activity has picked up in the wake of the reopening of Danish society, combining with positive results from the collaboration with Sydbank and various campaign initiatives to create renewed premium income growth momentum.
- Alm. Brand still expects to generate a pre-tax profit of DKK 700-750 million in 2021 excluding run-off result for the next six months, see the upgraded profit guidance announced in connection with the acquisition of Codan on 11 June 2021.

CEO Rasmus Werner Nielsen:

"The Q2 financial results are outstanding, and we're extremely pleased to see that our insurance operations are developing strongly and according to plan. Against the backdrop of this strong performance, we can establish the best conditions for succeeding in building a new and enlarged Alm. Brand when we take over Codan next year."

"The reopening of society has given us better opportunities for holding face-to-face meetings with our customers. Together with initial results of our partnership agreements with Sydbank and VW Semler Finans Danmark, this helps boost our sales. With the acquisition of Codan, we'll expand our distribution and partnership model further, enabling us to offer even more customers in Denmark insurances that match their needs and requirements extremely well."

Alm. Brand generated a pre-tax profit of DKK 244 million in Q2 2021. Net of costs related to the acquisition of Codan, the pre-tax profit was DKK 334 million, against a pre-tax profit on continuing activities of DKK 328 million in Q2 2021. The performance reflected developments in both Non-life Insurance and Life Insurance which were overall better than expected. The collaboration with Sydbank contributed satisfactorily in Q2, and the partnership with VW Semler Finans Danmark launched in early May is also expected to lift the group's premiums growth going forward.

Non-life Insurance reported a technical result of DKK 326 million in Q2 2021, against DKK 237 million in Q2 2020, reflecting a highly satisfactory trend in the underlying business, a favourable experience for weather-related claims and a positive run-off result. In addition, the technical result included a positive one-off effect of DKK 64 million from the expansion of Alm. Brand's partial internal model for non-life insurance risk. In line with expectations, the claims frequency was affected by COVID-19 and the lower level of activity in society in the first part of the quarter, combining with the continued focus on improving underlying operations to drive claims expenses for minor claims somewhat below the normal level. Gross premium income was up 1.7% to DKK 1,381 million, and the combined ratio was 76.3,

against 82.5 in Q2 2020. The profit of Non-life Insurance also included a DKK 20 million contribution from investments, against DKK 72 million in the same period of last year. The performance was highly satisfactory.

Life Insurance generated a pre-tax profit of DKK 23 million in Q2 2021, against a pre-tax profit of DKK 30 million in Q2 2020, with total pension contributions amounting to DKK 316 million in Q2 2021, against DKK 361 million in the same period of last year, covering an unchanged level of regular premium payments but a decline in single payments. This was a satisfactory performance.

Update on the acquisition of Codan

The activities derived from the acquisition of Codan are proceeding as planned, including the preparation of an extraordinary general meeting and share issue as well as obtaining regulatory approvals.

Furthermore, Alm. Brand af 1792 fmba has announced that it expects to obtain financing of around DKK 500 million to increase its commitment to participate in the forthcoming capital increase in Alm. Brand A/S from DKK 3,750 million to DKK 4,250 million.

Outlook for 2021

Alm. Brand expects to generate a pre-tax profit of DKK 700-750 million for 2021, excluding the run-off result for the next two quarters. Overall, the outlook is unchanged from company announcement no. 12/2021 of 11 June 2021, in which the guidance was upgraded from the previously guided range of DKK 650-700 million.

However, the guidance for the individual results components is changed as set out below.

The guidance for Non-life Insurance is lifted by DKK 75 million to a pre-tax profit of DKK 800 million, against the previous guidance of a pre-tax profit of DKK 725 million. The improvement is the result of a positive effect on earnings from an expansion of the partial internal model. The guidance for premiums growth is maintained at 1.5%-2.0%, with focus still being on generating profitable growth. The expense ratio for the full year is expected to be in line with the previously guided range of 17-17.5. The combined ratio is expected to be about 87, against the previous guidance of 89.

The guidance for Life Insurance is unchanged at a pre-tax profit of DKK 100 million and growth in regular premium payments of 3-4%.

The guidance for other activities is changed to a pre-tax loss of DKK 175 million, against the previous guidance of a pre-tax loss of DKK 100 million. The change is due to negative value adjustments of unlisted shares and a capital loss in connection with the repayment of subordinated capital as well as higher-than-expected insurance costs relating to the Codan transaction (warranty & indemnity insurance).

The financial outlook is based on the assumption of continued low interest rates in 2021. The group has a substantial portfolio of investment assets, and a continued low interest rate level therefore affects the group's overall financial performance.

Group targets for the period until 2022

Alm. Brand has previously defined a number of financial targets for the period until 2022. The ambition was to achieve the following targets by 2022:

- growth in regular gross premium income in Non-life Insurance of 5%;
- a combined ratio in Non-life Insurance of below 90;

- a gross expense ratio of Non-life Insurance of about 16;
- growth in regular premiums in Life Insurance of 4-5%.

In addition to the financial targets, Alm. Brand has defined non-financial targets in respect of customer and employee satisfaction. The target for customer satisfaction of 70 as expressed by the net promoter score and the target for employee satisfaction of a score of 80 are maintained.

Due to the acquisition of Codan and the resulting formation of a new and enlarged Alm. Brand, the group's targets will be redefined to reflect the value which the transaction is expected to create. Seen in isolation, the acquisition of Codan Forsikring is expected to deliver value for the shareholders in the form of an expected return on investment (ROI) of approximately 7% after tax, EPS accretion of more than 15% by 2024 and, consequently, a subsequent significant potential to increase ordinary dividends over time.

Webcast and conference call

Alm. Brand will host a conference call for investors and analysts today, Thursday 19 August 2021 at 11:00 a.m. The conference call and presentation will be available from Alm. Brand's investor website, www.investorrelations.almbrand.dk.

Conference call dial-in numbers for investors and analysts:

Denmark: +45 7815 0108

United Kingdom: +44 333 300 9268

USA: +1 631 913 1422 (US PIN: 84453158#)

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

Contact

Please direct any questions regarding this announcement to:

Investors and equity analysts:

Senior Investor Relations Officer

Mikael Bo Larsen

Mobile no. +45 5143 8002

Press:

Head of Media Relations

Maria Lindeberg

Mobile no. +45 2499 8455