

11 May 2023

Announcement no. 8/2023

## Interim report for Q1 2023

*The financial results of Alm. Brand Group (in this report referred to as “Alm. Brand Group” or “the group”) for Q1 2023 include the results of Alm. Brand Forsikring (“Alm. Brand”) and other activities as well as the results of the acquired Danish business of Codan Forsikring (“Codan”). Comparative figures for Q1 2022 are based on reported figures excluding Codan. The interim financial statements have been prepared in accordance with the IFRS 17 financial reporting standard and comparative figures have been restated accordingly.*

- **Alm. Brand Group’s insurance revenue grew to DKK 2,853 million from DKK 1,358 million in Q1 2022, driven by sustained satisfactory organic growth of 6.0% in Alm. Brand and the acquisition of Codan.**
- **The consolidated pre-tax profit was DKK 311 million excluding special costs, against a loss of DKK 94 million in Q1 2022, driven by a higher insurance service result and a satisfactory investment result.**
- **Efforts to integrate Codan and realise synergies are progressing according to plan.**
- **Overall, the transition to the new financial reporting standard does not give rise to changes to the group’s guidance or financial targets.**

CEO Rasmus Werner Nielsen:

*“We kept up the solid momentum from the tail end of 2022 in the first quarter, and we’re on schedule with our efforts to realise synergies and integrate Codan. I’m pleased to note that we generated strong top-line growth in a quarter that was unaffected by major weather-related claims. Our performance was thus driven by a higher insurance service result and a positive investment result.”*

*“Our customers also feel the effects of the wider range of services offered by our enlarged group, for example enabling us to extend our healthcare offers in Codan to include Alm. Brand’s commercial customers. And we’re continuing to welcome many new customers to our bancassurance partnership with more than 30 partner banks. Most recently, Arbejdernes Landsbank was successfully enrolled as a new member. We wouldn’t have gotten this far without the great dedication and commitment of my colleagues across the group. This makes for a strong foundation for the continued development of our common group.”*

Alm. Brand Group reported an insurance service result of DKK 205 million in Q1 2023, against a negative insurance service result of DKK 82 million in the year-earlier period. The result was composed of insurance service results of 138 million in Alm. Brand and DKK 67 million in Codan, supported by continued savings on insurance operating expenses and a positive effect on claims provisions due to a higher interest rate level. However, the first quarter saw a higher underlying claims experience compared with the year-earlier period, among other things due to a large number of accidents caused by icy roads. In line with expectations, the ordinary indexation of the premium level supplemented by selected premium increases are seen to gradually compensate for inflation in claims repair costs and will expectedly fully compensate therefor over the course of 2023.

For Alm. Brand Group, the combined ratio was 92.8. For Alm. Brand, the combined ratio was 90.4. On the positive side, the Q1 2023 performance benefited from continued effects of cost savings, including realised synergy gains, and a favourable effect on claims provisions due to a higher interest rate level, which compensated for the inflationary effect on claims repair costs. However, there was a slightly higher frequency of minor claims in Q1, including a substantial number of accidents caused by icy roads due to sub-zero temperatures at the end of the quarter, which took many drivers by surprise. Moreover, stormy and rainy weather conditions during the quarter are assessed to have resulted in increased attention to reporting claims. In Codan, the combined ratio was 95.3, including positive effects from the synergy programme, but also a few major claims which combined to produce a higher major claims ratio than expected.

The investment result after interest on technical provisions was a gain of DKK 149 million, against a gain of DKK 48 million in Q1 2022.

Other income and expenses came to a net loss of DKK 43 million, composed of DKK 15 million in training and development expenses and a total of DKK 28 million in group expenses and return on the remaining mortgage deed and debt collection portfolio.

Alm. Brand Group thus generated a pre-tax profit of DKK 311 million excluding special costs in Q1 2023, against a pre-tax loss of DKK 94 million in Q1 2022.

The Q1 result includes special costs of DKK 76 million related to the integration of Codan and realisation of synergies as well as amortisation of intangible assets in the amount of DKK 89 million, bringing Alm. Brand Group's consolidated profit for Q1 2023 to a pre-tax profit of DKK 146 million.

### **Synergies**

Initiatives to realise expected synergies in a total amount of DKK 600 million with accounting effect in 2025 are progressing according to plan. In Q1 2023, the initiatives already implemented in 2022 were supplemented by measures that will lead to efficiency enhancements of procurement and claims processing and elaboration of systems for screening claims reports with a view to reducing insurance fraud. For Q1 2023, synergy gains were calculated to have a positive accounting effect of DKK 57 million, and Alm. Brand Group still expects to post an accounting effect of DKK 240 million from synergy gains in the current year.

### **Outlook for 2023**

Alm. Brand Group expects to realise an insurance service result of DKK 1.2-1.4 billion excluding run-off gains and losses, including expected synergies of DKK 240 million in total. The expected increase relative to the result realised in 2022 is also driven by an expectedly lower level of weather-related and major claims as well as by the full-year effects of other cost savings implemented. However, higher expenses for the group's reinsurance programme will weigh on the financial performance.

The guidance is based on continued growth in the group's insurance revenue across the individual customer types, supported by the ordinary indexation of the premium level and individual premium adjustments. The expense ratio is expected to be about 18-18.5, and the combined ratio excluding run-offs is expected to be 88-90.

The investment result is expected to be about DKK 300 million, against the previous guidance of DKK 250 million, based on the result achieved in Q1 and the estimated holding returns for the rest of the year. Other income and expenses are expected to generate a loss of about DKK 125 million, against the previous guidance of DKK 75 million. The changes are a consequence of the net effect from the transition to the IFRS 17.

Accordingly, Alm. Brand Group maintains the guidance of a consolidated pre-tax profit of DKK 1,375-1,575 million excluding special costs.

Moreover, Alm. Brand Group expects to incur special costs of about DKK 300-350 million in 2023 for the integration of Codan and realisation of synergies. Amortisation of intangible assets is expected to affect the income statement by approximately DKK 360 million.

### **Webcast and conference call**

Alm. Brand will host a conference call for investors and analysts today, Thursday 11 May 2023 at 11:00 a.m. The conference call and presentation will be available on Alm. Brand's investor website, [here](#).

Conference call dial-in numbers for investors and analysts (pin: 623786):

Denmark: +45 8987 5045

United Kingdom: +44 20 3936 2999

USA: +1 646 664 1960

Link to webcast: [Alm. Brand 2023 Q1](#)

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