

17 August 2023

Announcement no. 14/2023

Interim report for Q2 2023

- The insurance service result rose to a historically high profit of DKK 507 million, against DKK 378 million in Q2 2022, driven primarily by a very positive result in Commercial Lines.
- Alm. Brand Group's insurance revenue grew to DKK 2,909 million from DKK 2,390 million in the same period of 2022, driven by organic growth of 3.1% in Alm. Brand and the recognition of insurance revenue in Codan for the full quarter, against only two months of the year-earlier period.
- Based on the results of the quarter, in early July Alm. Brand Group upgraded its guidance for the insurance service result to DKK 1.35-1.45 billion, against the previous guidance of DKK 1.2-1.4 billion.

CEO Rasmus Werner Nielsen:

"We've had a good second quarter, reporting a historically strong insurance service result. Our performance was to a large extent driven by our Commercial Lines, in which the energy segment had a particularly strong quarter with no major claims, and we're starting to see the results of our profitability-enhancing measures.

During the quarter, we helped a little over 1,000 customers each day and received many enquiries especially regarding travel insurance. I'm proud that our many talented employees are able to provide good customer experiences on a daily basis, while we continue the integration efforts where we're now in fact slightly ahead of schedule in terms of synergies. We've managed to optimise workflows faster than anticipated especially in our claims procedures, and just before the summer holidays we successfully integrated our internal IT system so that all employees now work on the same platform."

Alm. Brand Group reported an insurance service result of DKK 507 million in Q2 2023, against DKK 378 million in the year-earlier period. Commercial Lines accounts for DKK 346 million and Private Lines for DKK 161 million of the result, which reflects a generally satisfactory claims experience, including a persistently positive effect on claims provisions due to a higher level of interest rates and a positive contribution from continued cost savings. In line with expectations, the general indexation of the premium level supplemented by selected premium increases is seen to increasingly compensate for inflation in claims repair costs and will expectedly fully compensate therefor over the course of 2023.

The continued focus on profitability is beginning to pay off in Commercial Lines, including Energy, and we have thus built a more profitable and robust business. On the other hand, there is a trend towards a higher frequency of motor claims, and as most of these are expected to express a lasting trend, we will take steps to improve profitability.

For Alm. Brand Group, the combined ratio was 82.6, against 84.2. In Alm. Brand, the combined ratio was 82.5 and consequently 1.7 percentage points higher than in the year-earlier period, notably due to lower run-off gains relative to last year's high level and a break-even result from risk margin changes against a gain last year. On the

positive side, the Q2 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. In Codan, the combined ratio was 82.7 owing to a satisfactory claims experience, while the expense ratio was significantly reduced, driven by strong effects from the realisation of synergies.

The financial markets developed favourably in the quarter, enabling Alm. Brand Group to post an investment gain of DKK 19 million – which included a satisfactory return on the portfolio not allocated to hedging of provisions, but a negative return on the hedging portfolio after return on and value adjustment of technical provisions, against a loss of DKK 330 million in the same quarter of 2022.

Other income and expenses came to a net loss of DKK 29 million, composed of DKK 11 million in training and development expenses and a total of DKK 18 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 497 million excluding special costs in Q2 2023, against a pre-tax profit of DKK 3 million in Q2 2022.

The Q2 result also includes scheduled special costs of DKK 70 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 Q2 2023 to a pre-tax profit of DKK 338 million.

Synergies

Initiatives to realise expected synergies in a total amount of DKK 600 million by 2025 are progressing satisfactorily and slightly ahead of schedule. For the quarter, the synergies are estimated to have had a positive accounting effect of DKK 62 million.

In the first half of 2023, focus has been on 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. By preparing and implementing these measures, we have created a foundation that now makes Alm. Brand Group expect the synergies to contribute an accounting effect of DKK 260 million this year, against previously expected gains of DKK 240 million. The initiatives will subsequently have a full-year effect in 2024 of DKK 345 million and will provide a strong foundation for realising synergies of DKK 450 million in 2024.

Outlook for 2023

On 6 July 2023 (see company announcement no. 13/2023), Alm. Brand Group upgraded its guidance to an insurance service result of DKK 1.35-1.45 billion excluding run-off gains and losses for H2 2023, against the previous guidance range of DKK 1.2-1.4 billion. The upgrade was made against the backdrop of a satisfactory claims experience including the run-off result in the second quarter and expectations of more favourable synergies than previously expected.

The expense ratio is expected to stay unchanged at 18-18.5, and the combined ratio excluding run-offs is expected to be about 87.7-88.5 for H2 2023, against the previously expected range of 88-90.

The investment result is expected to be unchanged at the level of DKK 300 million, and other income and expenses are still expected to generate a loss of about DKK 125 million.

Alm. Brand Group thus expects to report a consolidated pre-tax profit of DKK 1,525-1,625 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 17 August 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: 008929):

Denmark: +45 8987 5045

United Kingdom: +44 20 3936 2999

USA: +1 646 664 1960

Link to webcast: [Alm. Brand 2023 Q2](#)

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The financial results of Alm. Brand Group (in this report referred to as "Alm. Brand Group" or "the group") for Q2 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 Q2 2022 are based on reported figures and hence include the results of Alm. Brand and other activities for the full quarter and Codan for the period from 1 May 2022 to 30 June 2022. The interim financial statements have been prepared in accordance with the IFRS 17 financial reporting standard and comparative figures have been restated accordingly.