

9 February 2023

Company announcement no. 2/2023

Preliminary statement of financial results for 2022

The financial results of Alm. Brand Group (in this report referred to as “Alm. Brand Group” or “the group”) for 2022 include the FY results of Alm. Brand Forsikring (“Alm. Brand”) and other activities as well as the results of the acquired Danish business of Codan Forsikring (“Codan”) for the period 1 May 2022 to 31 December 2022. Comparative figures for 2021 are based on reported figures excluding Codan, and organic growth thus only reflects developments in Alm. Brand’s continuing activities.

- **Alm. Brand Group’s gross premium income grew to DKK 9,591 million in 2022, from DKK 5,407 million in 2021, driven by the acquisition of Codan and highly satisfactory organic growth of 5.5% in Alm. Brand.**
- **The technical result for the year increased by DKK 360 million to a profit of DKK 1,163 million, supported by a strong final quarter and a record-breaking technical result of DKK 411 million. The result for the year reflected an overall satisfactory claims experience, realised synergies and a positive effect on claims provisions due to a higher interest rate level, partly setting off of the claims inflation.**
- **Adverse financial market developments led to a total loss on investments of DKK 411 million in 2022, and Alm. Brand Group’s profit on continuing activities excluding special costs came to DKK 633 million before tax in 2022, against a profit of DKK 839 million before tax in 2021.**
- **Board of Directors recommends that an ordinary dividend of DKK 0.30 per share be paid in respect of the 2022 financial year, corresponding to a payout ratio of 98%**

CEO Rasmus Werner Nielsen:

“We’ve said goodbye to an extremely eventful year in which we, as a combined, new insurance group, achieved the first important milestones of the combination of Alm. Brand and Codan. I’m so pleased with the fine welcome we’ve received from our customers, and I’m immensely proud of the concerted effort delivered by our many talented colleagues, enabling us to create growth, positive results and strong customer solutions. At the same time, we’ve made sure that we can maintain the solid momentum in our insurance operations, positioning our group strongly for the coming years. The earnings guidance for 2023 we’re announcing today thus marks yet another important step towards achieving our financial targets for the period until 2025.”

Alm. Brand Group’s technical result amounted to a profit of DKK 1,163 million in 2022, against DKK 803 million in 2021, composed of a technical result of DKK 848 million for Alm. Brand and DKK 315 million for Codan, reflecting a satisfactory performance supported by organic growth, profitability-enhancing measures and realisation of synergies. Higher interest rate levels also had a favourable effect on claims provisions, compensating for inflation in claims repair costs.

For Alm. Brand Group, the total combined ratio was 87.8. Alm. Brand reported a combined ratio of 85.1, which was unchanged from 2021, which included a positive effect from COVID-19 restrictions. The trend reflects an improvement in the underlying business driven by cost savings as a result of realised synergies and a positive effect on claims provisions due to a higher interest rate level, which compensated for the inflationary effect on claims repair costs. The performance also included higher claims expenses for weather-related claims due the windstorms Malik and Nora at the beginning of the year.

For most of the year, the financial markets were characterised by adverse developments across asset classes in the wake of Russia's invasion of Ukraine and uncertainty triggered by rising prices and inflation fears. As a result of general market trends, Alm. Brand Group incurred a loss on investments of DKK 411 million in 2022, against a gain of DKK 101 million in 2021.

Other activities were a loss of DKK 119 million, consisting of group expenses as well as the return on the remaining mortgage deed and debt collection portfolio and costs related to the placement of the purchase consideration for Codan until the closing date.

Alm. Brand Group thus generated a pre-tax profit on continuing activities of DKK 633 million excluding special costs in 2022, against a pre-tax profit of DKK 839 million in 2021. Overall, and in the light of developments in the financial markets, the performance was satisfactory and in line with the guidance for a profit of DKK 600-650 million before tax announced in connection with the release of the interim report for Q3 2022.

Alm. Brand Group furthermore incurred special costs in a total amount of DKK 456 million in 2022, comprising costs in connection with the integration of Codan and realisation of synergies of DKK 376 million, costs of DKK 60 million to hive off the divested company Alm. Brand Liv og Pension A/S and costs of DKK 20 million related to the bankruptcy of Gefion Insurance, as well as amortisation of intangible assets in the amount of DKK 238 million, resulting in a pre-tax loss of DKK 61 million on the group's continuing activities for 2022.

The group posted a profit on discontinued activities of DKK 544 million after tax, composed of a gain on the sale of Alm. Brand Liv og Pension A/S of DKK 537 million and that company's profit for January and February in a total amount of DKK 7 million after tax.

The group thus generated a consolidated profit of DKK 506 million after tax in 2022, against DKK 598 million in 2021.

Synergies

In connection with the acquisition of Codan, Alm. Brand Group announced that it expected to realise cost and claims repair synergies of DKK 600 million with accounting effect in 2025. After the acquisition of Codan, various initiatives have been implemented, primarily to eliminate duplicate group functions and to realise scale economies in claims services, which produced synergies of DKK 111 million with accounting effect in 2022. The realised synergies will have a positive effect of more than DKK 200 million on results in 2023.

Alm. Brand Group will regularly release information about developments in the realisation of synergies in the period until 2025.

Dividend

Based on the profit after tax adjusted for the effect of amortisation of intangible assets, costs related to the integration of Codan and the gain on the sale of Alm. Brand Liv og Pension, the Board of Directors recommends that a dividend of DKK 0.30 per share be paid in respect of 2022 in continuation of the general meeting scheduled to be held in April 2023. This means that Alm. Brand will distribute DKK 462 million for the 2022 financial year, corresponding to a payout ratio of 98% of the adjusted profit after tax.

After the dividend payout, Alm. Brand will still be strongly capitalised with an SCR ratio of 188%, and the capitalisation level is considered sufficient to resist very severe stresses

Outlook for 2023

In 2023, Alm. Brand Group expects to realise a technical result of DKK 1,200-1,400 million 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 a lower level of weather-related and major claims than in the year before and the full-year effects of other cost savings implemented. However, higher expenses for the group's reinsurance programme will have the opposite effect.

The guidance is based on continued growth in the group's gross premium income 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.

In addition, Alm. Brand Group expects an investment result of about DKK 250 million based on the current estimated holding period returns on the portfolio not allocated to the hedging of provisions, with other activities expected to generate a loss of about DKK 75 million.

Alm. Brand Group thus expects to report 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.

Financial targets for the period until 2025

In November 2022, Alm. Brand Group announced new financial targets for 2025, reflecting the financial potential offered by the new and enlarged insurance business. The group's targets for the period until 2025 are to increase the technical result to DKK 2.1 billion including run-offs and to reduce the combined ratio to 84, including a reduction of the expense ratio to 16.

Alm. Brand Group has also introduced a new profitability target defined as the return on equity less intangible assets (Return on Tangible Equity) of more than 50% in 2025.

The financial targets are supported by the realisation of synergies from the acquisition of Codan in a total amount of DKK 600 million in the period towards 2025.

Webcast and conference call

Alm. Brand will host a conference call for investors and analysts today, Thursday 9 February 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: 835257):

Denmark: +45 8987 5045

United Kingdom: +44 203 936 2999

USA: +1 646 664 1960

Link to webcast: [Alm. Brand 2022](#)

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