

10 November 2022

Company announcement no. 20/2022

Interim report Q3 2022

The financial results of Alm. Brand Group (in this report referred to as “Alm. Brand Group” or “the group”) for Q3 2022 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 Q3 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 more than doubled to DKK 2,902 million in Q3 2022 after recognition of Codan and supported by sustained highly satisfactory organic growth of 5.1% in Alm. Brand.**
- **The technical result grew to a profit of DKK 370 million in Q3 2022 from DKK 170 million in Q3 2021, reflecting an overall satisfactory claims experience, realised synergies and a positive effect on claims provisions due to a higher interest rate level.**
- **Negative financial market developments in August and September resulted in a total loss on investments of DKK 63 million in Q3 2022, against a gain of DKK 8 million in Q3 2021.**
- **In mid-October, Alm. Brand Group lifted its profit guidance, thus maintaining the guidance for the technical result at DKK 1,050-1,100 million excluding run-off gains and losses in the final quarter of the year.**

CEO Rasmus Werner Nielsen:

“We’re off to a good start as a combined group, and we’re already seeing the first positive effects of the combination of Codan and Alm. Brand. At the same time as the expected synergies are starting to feed through to the bottom line, we’re maintaining the past many quarters’ strong momentum in our insurance operations. In addition, the positive trend in premium income and continued customer on-boarding show that our customers really support Alm. Brand Group. We’re continuing the process of strengthening our customer value proposition by combining the best of both companies as well as executing on the integration process.”

The technical result amounted to a profit of DKK 370 million in Q3 2022, against DKK 170 million in Q3 2021, composed of a technical result of DKK 258 million for Alm. Brand and DKK 112 million for Codan. In several ways, the result reflects a satisfactory trend, with profitability-enhancing measures and realisation of synergies making up for higher average claims repair costs, and with a higher interest rate level, seen in isolation, reducing the amount of claims provisions.

The investment result was a loss of DKK 63 million in Q3 2022. Seen in isolation, the result is unsatisfactory but should be seen in light of a quarter with negative financial market developments in the final part of the period, resulting in a continued decline in equity prices, interest rate increases and credit spread widening.

Other activities reported a pre-tax loss of DKK 13 million, including group expenses and the result of the mortgage deed and debt collection portfolio. Alm. Brand Group thus generated a pre-tax profit on continuing activities of DKK 294 million before special costs in Q3 2022, against a pre-tax profit of DKK 174 million in Q3 2021.

The Q3 result includes special costs of DKK 60 million related to the integration of Codan and realisation of synergies, as well as amortisation of intangible assets in the amount of DKK 90 million, bringing the group's consolidated profit for Q3 2022 to a pre-tax profit of DKK 144 million.

The combined ratio was 87.3 after recognition of Codan's results. For Alm. Brand, the combined ratio was 82.2 in Q3 2022, against 87.7 in Q3 2021, with improvements in both the claims experience and the expense ratio.

Synergies and other cost initiatives

In connection with the acquisition of Codan, Alm. Brand Group announced that it expected to realise 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 will produce synergies of DKK 110 million with accounting effect in 2022, DKK 54 million of which had a favourable effect on results at 30 September 2022. The accounting effect of realised synergies will produce an annual gain of DKK 200 million as from 2023.

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

In addition, an organisational reduction affecting 110 positions has been implemented, the majority of which were effected by discontinuation of vacant positions. The reduction was implemented across the organisation with a significant contribution from bancassurance. This initiative is implemented first and foremost to address the cost level in Codan, which after the acquisition has proved higher than originally expected. The cost savings should thus be seen as a significant step towards ensuring a satisfactory level of financial results for the group.

Outlook for 2022

Alm. Brand Group's profit for 2022 will be the sum of the profit generated by Alm. Brand Forsikring and other activities for the full financial year and the profit generated by Codan for the period from 1 May 2022 to 31 December 2022, including realised synergies. Alm. Brand Group's profit guidance was most recently updated in connection with the release of company announcement no. 19/2022 of 13 October 2022.

Alm. Brand Group expects to report a technical result of DKK 1,050-1,100 million excluding run-off gains and losses in the final quarter of the year. The profit is expected to be distributed on approximately DKK 800 million from Alm. Brand and approximately DKK 275 million from Codan, including expected synergies of DKK 110 million in total for the two companies.

The guidance is based on gross premium income of DKK 9.5 billion for the group, against the previous guidance of DKK 9.3-9.4 billion, driven by organic growth of about 5% in Alm. Brand, against the 4-5% previously guided. Moreover, Codan is expected to report gross premium income of about DKK 3.8 billion, against the previous guidance of about DKK 3.7 billion.

The guidance is unchanged for the combined ratio at around 89 as well as for the expense ratio at around 18.

Alm. Brand Group expects to report a loss on investments of DKK 350 million due to adverse financial market developments and consequent capital losses on shares and bonds.

The guidance for other activities is unchanged at a loss of DKK 100 million.

Alm. Brand Group thus expects to report a consolidated profit on continuing activities of DKK 600-650 million before special costs.

In addition, Alm. Brand Group still expects to incur special costs of about DKK 430 million in 2022, comprising costs in connection with the integration of Codan and realisation of synergies of DKK 350 million, costs for the divestment of Alm. Brand Liv og Pension A/S of DKK 60 million and costs related to the bankruptcy of Gefion Insurance of DKK 20 million. Moreover, Alm. Brand Group will recognise amortisation of intangible assets in an amount of DKK 240 million.

Financial targets

Alm. Brand Group will host a meeting for institutional investors and equity analysts (Capital Market Update) on 22 November 2022 and will in that connection release updated financial targets for 2025.

Webcast and conference call

Alm. Brand will host a conference call for investors and analysts today, Thursday 10 November 2022 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: 136433):

Denmark: +45 8987 5045

United Kingdom: +44 203 936 2999

USA: +1 646 664 1960

Link to webcast: [here](#).

Contact

Please direct any questions regarding this announcement to:

Investors and equity analysts:

Head of Investor Relations

Mads Thinggaard

Mobile no. +45 2025 5469

Senior Investor Relations Officer

Mikael Bo Larsen

Mobile no. +45 5143 8002

Press:

VP, Communication & Sustainability

Emilie Wedell-Wedellsborg

Mobile no. +45 20 32 65 30