

Interim report Q3 2021

As announced in company announcement no. 29/2021 of 1 October 2021 Alm. Brand has entered into a conditional agreement to sell Alm. Brand Liv og Pension. Thus the result generated in Alm. Brand Liv og Pension will be reported as profit from discontinuing activity and profit from continuing will include only the result from Non-life insurance and Other.

- **Alm. Brand generated a pre-tax profit on continuing activities of DKK 174 million in Q3 2021, against a profit of DKK 218 million in the year-earlier period, reflecting a satisfactory performance of Non-life Insurance with a continued improvement in underlying claims trends, but also reflecting higher weather-related claims expenses.**
- **In the first nine months of 2021, continuing activities generated a highly satisfactory profit of DKK 590 million excluding special costs related to the Codan transaction, against a profit of DKK 506 million in the year-earlier period.**
- **In connection with the announcement of the conditional sale of Alm. Brand Liv og Pension, see company announcement no. 29/2021 of 1 October 2021, Alm. Brand upgraded its guidance by DKK 500 million to a consolidated pre-tax profit of DKK 1,200-1,250 million. This guidance is maintained.**

CEO Rasmus Werner Nielsen:

“We are delivering a satisfactory Q3 performance with strong profitability in our underlying business. This provides an excellent platform for our takeover of Codan’s Danish business, which is expected to happen shortly. Accordingly, the preparations are on track for an ‘A+’ rating of the non-life insurance company by credit rating agency Fitch and for the issue of bonds to partially finance the acquisition. The next step is to complete the announced rights issue to finalise the financing of the overall acquisition. We look forward to combining the two companies and to creating a new and enlarged Alm. Brand, which, following the divestment of the life insurance business, will be a fully focused non-life insurance provider with a solid market position and a clear ambition to provide the best insurance solutions for our soon to be 700,000 customers.”

Alm. Brand generated a pre-tax profit on continuing activities of DKK 174 million in Q3 2021, against a pre-tax profit of DKK 218 million in the year-earlier period.

Non-life Insurance reported a technical result of DKK 170 million in Q3 2021, against DKK 210 million in Q3 2020, driven by a positive trend in underlying insurance operations, as reflected in a 2.0 percentage point improvement of the underlying combined ratio excluding COVID-19 effects. Higher weather-related claims expenses and a reduced impact from COVID-19 detracted from the technical result. Gross premium income was up 2.5% to DKK 1,376 million, and the combined ratio excluding run-off gains was 90.2, against 86.2 in Q3 2020. The profit of Non-life Insurance also included a DKK 7 million contribution from investments, against DKK 23 million in the same period of last year, bringing the pre-tax profit to DKK 177 million. The performance was satisfactory.

Discontinuing activities

Alm. Brand has entered into an agreement to sell Alm. Brand Liv og Pension to Nordic I&P, see company announcement no. 29/2021 of 1 October 2021. The transaction is subject to approval by the Danish Financial Supervisory Authority and is expected to be completed as soon as possible after receipt of such approval. As a result of the divestment, the profit of Alm. Brand Liv og Pension is recognised under discontinuing activities.

Alm. Brand Liv og Pension generated a pre-tax profit of DKK 39 million in Q3 2021, against a pre-tax profit of DKK 32 million in Q3 2020, with total pension contributions amounting to DKK 297 million in Q3 2021, against DKK 323 million in the same period of last year, primarily due to a decline in single payments. The performance was satisfactory.

Update on the acquisition of Codan Forsikring's Danish business

The activities related to the acquisition of Codan are progressing as planned, including preparations for the operational combination of the two companies as well as activities to obtain the required regulatory approvals and preparations for the upcoming capital contribution.

An important step in this process was taken at an extraordinary general meeting of Alm. Brand A/S held on 2 September 2021, at which the shareholders adopted a resolution to amend the articles of association to facilitate an increase of the share capital and complete the upcoming rights issue.

As announced in company announcement no. 23/2021 of 26 August 2021, Alm. Brand af 1792 fmba has sold shares in Alm. Brand A/S generating total proceeds of DKK 914 million, thereby reducing the association's ownership interest to 45%. Against this background, the association has committed to exercising in full the subscription rights expectedly granted to it in connection with the contemplated rights issue in order to at least maintain its ownership interest in Alm. Brand A/S.

Outlook for 2021

Alm. Brand maintains its guidance for a consolidated pre-tax profit of DKK 1,200-1,250 million for 2021.

Non-life Insurance is expected to generate a pre-tax profit of DKK 800 million excluding the run-off result for the final quarter of the year.

The guidance for other activities is unchanged for a loss of DKK 175 million including costs related to the acquisition of Codan.

The sale of Alm. Brand Liv og Pension A/S is expected to entail restructuring costs of about DKK 60 million.

Moreover, Alm. Brand expects to report a profit from discontinuing activities of DKK 650-675 million before tax. For Life Insurance, the guidance is unchanged for a pre-tax profit of DKK 100 million for FY2021 plus an expected profit from health/accident insurance of DKK 20 million before tax, which was previously included in the profit for Non-life Insurance. In addition, a gain of close to DKK 545 million from the sale of Alm. Brand Liv og Pension A/S is included after recognition of costs directly related to the transaction.

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 in the region of 87.

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.

Webcast and conference call

Alm. Brand will host a conference call for investors and analysts today, Thursday 28 October 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 0107

UK: +44 333 300 9272

USA: +1 631 913 1422 PIN: 93450150#

Link to webcast: [Click here](#)

Contact

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