

INSIDE INFORMATION

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Supreme Court ruling on workers' compensation leads to reserve strengthening and a profit warning for 2026

Today, the Danish Supreme Court ruled in favour of a 5% threshold for the degree of lost earnings capacity required for receiving compensation. This is lower than the 15% threshold applied by the Danish Labour Market Insurance to date.

Alm. Brand Group has assessed the reserve strengthening required to reflect the new, lower threshold. In Q2 2026, the group will recognise a one-off charge of DKK 0.7 billion to strengthen reserves as a result of the Supreme Court ruling, which will affect the insurance service result.

The guidance for the insurance service result in 2026 is thus lowered by DKK 0.7 billion to DKK 1.1-1.3 billion from DKK 1.8-2.0 billion previously. The guidance includes the one-off charge, which will be booked as a run-off loss in Q2 2026, but excludes other run-off gains or losses in Q2-Q4 2026.

The expense ratio is expected to be about 17% and the combined ratio (including the one-off charge but excluding other run-offs in Q2-Q4 2026) to be about 89-91 compared to 83.5-85.5 before.

The investment result for 2026 is expected to total approximately DKK 0.15 billion.

Accordingly, the consolidated profit for 2026, excluding other income and expenses, is expected to total DKK 1.25-1.45 billion before tax.

Other income and expenses including amortisation of intangible assets are expected to total an expense of about DKK 0.5 billion.

Buybacks of DKK 1 billion expected to be initiated in Q2 2026

As a consequence of the one-off charge related to the Supreme Court ruling, the extraordinary component of the announced buyback programme to be initiated in Q2 2026 is reduced by DKK 0.5 billion to DKK 0.5 billion from DKK 1 billion before.

Thus, we expect to initiate a buyback programme of DKK 1 billion in Q2 2026, comprising DKK 0.5 billion related to ordinary earnings in 2025 and DKK 0.5 billion related to a favourable development in our SCR coverage in 2025.

As the one-off charge after tax is by and large offset by the reduction of the extraordinary buyback, the SCR-coverage is more or less unchanged. Alm. Brand Group reported a SCR coverage of 202% by the end of Q1 2026, which is well above the target of 180%.

The 2026 net profit available for distribution will be adjusted to reflect the DKK 0.7 billion one-off charge referred to above.

Contact

Please direct any questions regarding this announcement to:

Investors and equity analysts:

VP, Head of Investor Relations & ESG

Mads Thinggaard

Mobile no. +45 2025 5469

Press:

Head of Communications and Media Relations

Mikkel Luplau Schmidt

Mobile no. +45 2052 3883