

# Interim report for Q1 2023

25 April 2023, Announcement No. 07/2023

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# Management's review

# Highlights

## Q1 2023

- Profit after tax of DKK 373m (Q1 2022: DKK 161m)
- EPS was DKK 4.2 (Q1 2022: DKK 1.8)
- Combined ratio: 83.6 (Q1 2022: 91.6)
- Combined ratio excluding run-off profits: 85.9 (Q1 2022: 89.1)
- Insurance revenue increased by 2.5%
- Net investment result was DKK 106m (Q1 2022: DKK 4m).

## Profit forecast model for 2023

- The assumed combined ratio for 2023 has been improved from 83-86 to 82.5-85.5, excluding run-off in Q2-Q4.
- The profit forecast for 2023 has been improved from DKK 1,050-1,310m to DKK 1,150-1,410m after tax, excluding run-off in Q2-Q4. The announced acquisition of Oona Health A/S is for modelling purposes assumed to close as at 31 December 2023. As a result, no effects related to the acquisition have been included.
- The expected insurance revenue growth is unchanged at 2-3.5%.

## Acquisition of Oona Health A/S

- On 16 March 2023, Topdanmark signed an agreement to acquire Oona Health A/S, including Dansk Sundhedssikring A/S, from Daytona Holdings Limited and a number of minority shareholders.
- Closing of the transaction is expected in the second half of 2023. In the profit forecast model for 2023, closing is assumed as at 31 December 2023 and will thus have limited financial impact in 2023. Please refer to page 12 for further information.

## IFRS accounting policies

- Topdanmark Group has applied IFRS 17 and IFRS 9 as from 1 January 2023, and the EIOPA interest rate curve used for measurement of the insurance provisions was changed to exclude the VA component.
- The transition did not materially affect the result or shareholders' equity for the current period.
- Comparative figures have been adapted. Please refer to accounting policies on page 23 for the effects on comparatives.

## Conference call

A conference call will be held today at 10:00 (CEST) in which Peter Hermann, CEO, and Lars Kufall Beck, CFO, will be available for questions based on the results. The call will be conducted in English.

To participate in the conference call, please call:  
DK dial-in number: +45 78 76 84 90  
SE dial-in number: +46 4 0682 0620  
UK dial-in number: +44 203 769 6819  
US dial-in number: +1 646 787 0157  
(Pin code for all callers: 587062)

10-15 minutes before the conference and ask the operator to connect you to the Topdanmark conference call - or listen to the [live transmission](#) of the call.

## Please direct any queries to:



Peter Hermann  
Chief Executive Officer



Lars Kufall Beck  
Chief Financial Officer



Robin Hjelgaard Løfgren  
Head of Investor Relations  
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# Financial highlights

(DKKm)	Q1 2023	Q1 2022	Full year 2022
Insurance revenue	2,500	2,439	9,898
Claims incurred	-1,564	-1,807	-6,296
Expenses	-418	-387	-1,555
Reinsurance result	-91	-35	-272
<b>Insurance service result</b>	<b>426</b>	<b>210</b>	<b>1,774</b>
Net investment result	106	4	-244
Other items	-12	-39	-90
<b>Profit on insurance</b>	<b>521</b>	<b>174</b>	<b>1,441</b>
Parent company etc.	-10	-15	-59
<b>Profit before tax, continuing operations</b>	<b>511</b>	<b>159</b>	<b>1,382</b>
Tax, continuing operations	-138	-38	-305
<b>Profit after tax, continuing operations</b>	<b>373</b>	<b>122</b>	<b>1,078</b>
Profit after tax, discontinued operations	0	39	1,102
<b>Profit</b>	<b>373</b>	<b>161</b>	<b>2,179</b>
Run-off profits, net of reinsurance	60	-60	152
Investment assets	21,520	15,487	19,269
Reinsurance asset	548	720	591
Assets held for sale	0	98,482	0
Provisions for insurance contracts	15,062	15,916	13,235
Liabilities related to assets held for sale	0	92,656	0
Shareholders' equity	6,773	4,296	6,349
Total balance	24,917	117,165	22,603
<b>Financial ratios</b>			
Return on shareholders' equity after tax (annualised)	22.7	9.0	36.3
EPS continuing operations after tax (DKK)	4.2	1.4	12.2
EPS after tax (DKK)	4.2	1.8	24.7
Dividend per share issued, proposed (DKK)			31.0
Net asset value per share, diluted (DKK)	76.3	48.6	71.4
Listed share price end of period	366.8	376.4	365.4
Number of shares end of period ('000)	88,642	88,125	88,518
Average number of shares ('000)	88,621	88,051	88,206
<b>Ratios non-life insurance</b>			
Gross claims ratio	62.7	74.2	63.7
Net reinsurance ratio	3.7	1.4	2.8
Claims ratio, net of reinsurance	66.4	75.6	66.5
Gross expense ratio	17.2	16.0	15.9
Combined ratio	83.6	91.6	82.4
Combined ratio excl. run-off profits	85.9	89.1	83.9

Basis for financial ratios has been changed to Group from a parent company calculation.

Comparatives have been adapted to new accounting policies.



# Results for Q1 2023

Topdanmark's post-tax profit for Q1 2023 was DKK 373m (Q1 2022: DKK 161m).

The insurance service result increased by DKK 216m to DKK 426m. The increase should be seen in the light of a high level of weather-related claims in Q1 2022 mainly caused by the storms Malik and Nora, whereas weather-related claims in Q1 2023 were almost in line with the normalised modelled level.

In addition, Q1 2022 saw a positive net effect of the swap hedging inflation indexation on workers' compensation. Under IFRS 17, this effect has been reclassified to net investment result, which lowered the historical insurance service result via lower run-off. The negative run-off result in Q1 2022 is offset in Q2 2022, causing no material impact in H1 2022 as a whole.

Underlying, we delivered continued progress on our efforts to become more efficient, including pricing initiatives.

The net investment result increased by DKK 102m to DKK 106m. This development should be seen in the light of the volatility in the financial markets during Q1 2022 caused in part by the war in Ukraine, whereas the investment result in Q1 2023 was impacted by rising equity markets, higher running yield on short-term liquidity, and a net gain from hedging the Solvency II curve.

## Insurance service result for Q1 2023

### Insurance revenue

Insurance revenue increased by 2.5% to DKK 2,500m. The private segment accounted for a 0.6% increase, and the SME segment accounted for a 4.3% increase. The slightly lower growth than last year was as expected and primarily caused by lower indexation on workers' compensation. In addition, competition remains high in Denmark.

The distribution agreement with Nordea continues to have good traction, and targets were met in both the Private and the SME segment. The agreement with Nordea continued to more than compensate for the outflow of customers from the old agreement

with Danske Bank in Q1 2023. We expect these trends to continue throughout 2023.

### Claims ratio

Underlying claims ratio	Q1 2023	Q1 2022	Full year 2022
Claims ratio, net of reinsurance	66.4	75.6	66.5
Run-off	2.4	-2.5	1.5
Weather-related claims	-3.6	-6.7	-2.8
Large-scale claims	-0.9	-1.1	-1.0
Discounting	2.5	0.5	2.0
Other	0.0	-0.5	0.3
<b>Underlying (undiscounted) claims ratio, net of reinsurance</b>	<b>66.8</b>	<b>65.3</b>	<b>66.6</b>

The claims ratio, net of reinsurance, decreased to 66.4 in Q1 2023 from 75.6 in Q1 2022. The absence of large storms exceeding the retention level of our catastrophe reinsurance programme caused a lower gross claims ratio and a higher net reinsurance ratio.

The run-off profit, net of reinsurance, was DKK 60m (Q1 2022: DKK -60m, affected by the abovementioned reclassification of the inflation swap to net investment result), representing a 4.9pp positive effect on the claims ratio.

Weather-related claims amounted to DKK 89m (Q1 2022: DKK 163m), representing a 3.1pp improvement of the claims ratio. The level of weather-related claims was thus DKK 4m above the normalised modelled level of DKK 85m. This was a result of a storm in February and generally high levels of precipitation during the quarter. In addition, periodical snow and frost affected the claims picture. In comparison, Q1 2022 saw two larger storms.

The level of large-scale claims (claims exceeding DKK 5m by event after refund of reinsurance) was slightly lower at DKK 23m (Q1 2022: DKK 28m) and largely in line with the normalised modelled level of DKK 25m.

The claims ratio was positively impacted by the higher interest rates. The discounting effect was 2.0pp higher compared with Q1 2022.

The underlying claims ratio increased by 1.5pp to 66.8. Q1 2023 saw a higher claims frequency within motor mainly as the northernmost parts of Denmark experienced high snow depths during March. Please

note that we do not include such claims in our weather-related claims. In comparison, Q1 2022 was impacted by lower claims frequencies during COVID-19 lockdowns within travel, personal accident and motor.

## Expense ratio

The expense ratio was 17.2, up from 16.0 in Q1 2022. The increase in the expense ratio was largely as expected and caused by dissynergies related to the sale of Topdanmark Liv Holding A/S. Underlying, our efforts to realise our efficiency programme targets are progressing according to plan.

## Combined ratio

The combined ratio was 83.6 (Q1 2022: 91.6).

Excluding run-off, the combined ratio was 85.9 (Q1 2022: 89.1).

## Segment reporting

### Private

Private (DKK m)	Q1 2023	Q1 2022	Full year 2022
Insurance revenue	1,199	1,191	4,756
Claims incurred	-768	-799	-3,086
Expenses	-198	-184	-754
Net reinsurance	-14	-7	-49
<b>Insurance service result</b>	<b>218</b>	<b>201</b>	<b>868</b>
Run-off profits, net of reinsurance	47	29	57
Gross claims ratio	64.0	67.0	64.9
Net reinsurance ratio	1.2	0.6	1.0
Claims ratio, net of reinsurance	65.2	67.6	65.9
Gross expense ratio	16.5	15.5	15.9
Combined ratio	81.8	83.1	81.8
Combined ratio excl. run-off profits	85.7	85.5	83.0

The private segment offers policies to individual households in Denmark.

Insurance revenue increased by 0.6% to DKK 1,199m.

The insurance service result was DKK 218m, an increase of DKK 17m compared with Q1 2022.

The gross claims ratio decreased by 3.0pp to 64.0. Weather-related claims amounted to DKK 48m (Q1 2022: DKK 61m), representing a 1.1pp improvement of the claims ratio. In addition, run-off was a profit of DKK 47m, DKK 18m above Q1 2022.

Claims frequencies and earnings have normalised after COVID-19, especially within motor, travel and personal accident. Our profitability enhancing efforts continue to contribute to the improved results.

The expense ratio increased to 16.5 from 15.5 in Q1 2022, mainly due to dissynergies related to the sale of Topdanmark Liv Holding A/S.

The combined ratio was 81.8 (Q1 2022: 83.1). Excluding run-off, the combined ratio was 85.7 (Q1 2022: 85.5).



## SME

SME (DKKm)	Q1 2023	Q1 2022	Full year 2022
Insurance revenue	1,304	1,250	5,153
Claims incurred	-803	-1,013	-3,229
Expenses	-232	-207	-822
Net reinsurance	-77	-27	-224
<b>Insurance service result</b>	<b>192</b>	<b>3</b>	<b>878</b>
Run-off profits, net of reinsurance	12	-89	95
Gross claims ratio	61.5	81.0	62.7
Net reinsurance ratio	5.9	2.2	4.3
Claims ratio, net of reinsurance	67.5	83.2	67.0
Gross expense ratio	17.8	16.6	16.0
Combined ratio	85.3	99.7	83.0
Combined ratio excl. run-off profits	86.2	92.6	84.8

The SME segment offers policies to Danish-based SMEs and agricultural businesses.

Insurance revenue increased by 4.3% to DKK 1,304m.

The insurance service result increased by DKK 189m to DKK 192m. Q1 2022 saw a positive net effect of the swap hedging inflation indexation on workers' compensation. Under IFRS 17, this effect has been reclassified to net investment result, which lowered the historical insurance service result via lower run-off. The negative run-off result in Q1 2022 is offset in Q2 2022, causing no material impact in H1 2022 overall. Run-off was a profit of DKK 12m in Q1 2023.

Weather-related claims amounted to DKK 41m in Q1 2023 (Q1 2022: DKK 102m). Large-scale claims were in line with Q1 2022.

Fire-related claims on agricultural properties were lower than Q1 2022, and workers' compensation was positively affected by increasing interest rate levels as well as our pricing efforts. Conversely, the improved gross claims ratio results in a higher net reinsurance ratio.

The expense ratio increased to 17.8 from 16.6 in Q1 2022, mainly due to dissynergies related to the sale of Topdanmark Liv Holding A/S.

The combined ratio improved to 85.3 (Q1 2022: 99.7).

Excluding run-off, the combined ratio improved to 86.2 (Q1 2022: 92.6). The improvement is also a result of our continued traction within our profitability enhancing efforts.

# Investment result

Investment result	Portfolio 31 March		Return Q1 2023		Return Q1 2022	
	2023	2022	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)
Danish equities	0.2	0.2	9	6.4	-13	-6.3
Foreign equities	0.5	0.8	48	9.8	-63	-7.5
Unlisted equities and hedge funds	0.2	0.4	8	3.2	-5	-1.3
Government and mortgage bonds	15.0	12.5	122	0.8	-406	-3.3
Credit bonds	0.3	0.0	6	2.4	0	0.0
Index linked bonds	0.7	0.6	19	2.9	-3	-0.6
CLOs	0.1	0.7	9	6.6	-28	-3.8
Properties	0.7	0.8	-14	-1.8	5	0.5
Inflation swaps	0.1	0.0	-10	-	190	-
Expenses, money markets etc.	4.1	3.5	14	0.3	8	0.2
Subordinated loan capital	-1.1	-1.9	-14	-1.2	-7	-0.4
<b>Investment return</b>	<b>20.9</b>	<b>17.5</b>	<b>199</b>	<b>1.0</b>	<b>-323</b>	<b>-1.8</b>
Insurance finance income og expenses			-74		331	
<b>Net investment result</b>			<b>124</b>		<b>8</b>	

The investment result includes income from insurance (DKK 106m), income from the parent company (DKK 3m) and profit on owner-occupied properties (DKK 15m), eliminated in the Group accounts (see segment reporting).

The net investment result was DKK 124m (Q1 2022: DKK 8m). In Q1 2023, the investment return was DKK 199m (Q1 2022: DKK -323m). The positive result in Q1 2023 was primarily driven by rising equity markets, higher running yield on short-term liquidity, and a net gain from hedging the Solvency II curve.

The first part of Q1 2023 was a continuation of the main theme of 2022 - the ongoing battle between growth and inflation. The year started out on a positive note with higher equity markets and spread tightening across the fixed-income universe. This was primarily driven by an expectation that central banks were able to gradually lower inflation without creating a deep recession.

In the last part of Q1 2023, the theme shifted from inflation and growth to the banking sector. When the US-based Silicon Valley Bank filed for bankruptcy, it started turmoil in the banking sector. This resulted in a general risk-off environment as equity, credit spreads, etc. came under pressure.

Topdanmark Forsikring A/S has its primary equity exposure in ETF's. This means, we have exposure to the whole market in the regions we are invested in. In consequence, our exposure to equity in individual companies is low. Concretely, our market exposure to the three US banks (Silicon Valley Bank, Signature Bank, and First Republic), which started the turmoil, is below DKK 0.15m. In Europe, our exposure to Credit Suisse is also below DKK 0.15m.

On the "free" portfolio, i.e. the assets not used to match our liabilities, the positive sentiment on risk assets throughout the quarter supported equities, high-yield and alternatives such as CLO's. In the quarter, we have assessed relative valuation between equities and fixed-income and have thus reduced our equity exposure and increased our fixed-income exposure. On the negative side, the property portfolio, which only comprises owner-occupied properties, included a negative value adjustment.

After the sale of Topdanmark Liv Holding A/S last year, the equity exposure and strategy are shifted from single-stock picking towards ETFs. Furthermore, exposure to high-yield credit was added to the "free" portfolio.

Topdanmark Forsikring A/S has reduced CLO exposure during Q1 2023, but due to market volatility at the end of the quarter, we retain some exposure to this asset class. We aim to further reduce the CLO exposure over the coming quarters.

In the liability matching part of the investment portfolio, the duration risk between provisions and the fixed-income assets has throughout the year been fully hedged by fixed-income assets, primarily Danish mortgage bonds, and interest rate swaps. The "matching" portfolio generated a positive result primarily due to the performance from Danish mortgage bonds in Q1 2023, mainly through a higher running-yield and curve-roll-down relative to the discounting curve.

As of 1 January 2023, inflation swaps and the wage indexation of the insurance provisions on workers' compensation, which is approximated by an inflation curve, are reclassified to the investment result according to IFRS 17.

The return from inflation swaps was DKK -10m, and the wage indexation of the insurance provisions was DKK -36m. The mismatch was partly mitigated by a positive return on inflation-indexed bonds by DKK 19m. The mismatch is primarily due to a higher front-end of our inflation curve because of higher wage projections from the Danish Central Bank and The Danish Economic Councils (DØRS) which increases the liabilities. At the same time, short-term market-based inflation expectations decreased in Q1 2023 which resulted in a negative return on the inflation swaps.

"Expenses, money markets, etc." comprises in addition to money market deposits and currency positions, other returns and expenses not included in specified classes.

## Solvency calculation and capital requirements

Solvency cover (DKKm)	31 Mar 2023	31 Mar 2022	31 Dec 2022
Shareholders' equity	6,773	4,530	6,498
Proposed dividend	-2,790	0	-4,815
Deferred tax on security funds	362	306	362
Profit margin	1,409	2,632	1,300
Intangible assets	-1,383	-1,686	-1,314
Other	198	-158	-10
Tax effects	-168	-271	-105
Subordinated loan tier 1	400	400	400
Subordinated loans tier 2	700	1,500	700
Own funds	5,501	7,254	3,016
Solvency requirement	1,568	3,279	1,518
<b>Solvency cover (%)</b>	<b>351</b>	<b>221</b>	<b>199</b>

Potential dividend for the interim periods was not deducted.

Transition to new accounting policies 2023 has not affected the solvency position. Comparatives have not been adapted.

Solvency II provides insurance companies with the opportunity to develop their own full or partial internal risk model for solvency calculations. We use such a partially internal model developed in-house to calculate the non-life risk.

This model, approved by the Danish FSA, provides the basis for including non-life risks in our solvency calculations.

The solvency cover for the Group increased to 351% at the end of Q1 2023 from 199% at the end of 2022, mainly due to the lower proposed dividend following the acquisition of Oona Health A/S. In addition, the negative one-off impact from the removal of the volatility adjustment to the interest rate curve was more than offset by higher profit margin.

Topdanmark Forsikring A/S has an outstanding subordinated tier 1 loan (restricted tier 1 capital notes) of DKK 400m. This loan is perpetual, but includes an option enabling Topdanmark to redeem the loan as at 22 December 2027. Further, Topdanmark Forsikring A/S has an outstanding subordinated tier 2 note of DKK 700m with maturity in 2031 and first call date in 2026.

## Parent company etc.

The parent company, Topdanmark, does not perform any independent activities. The result of the parent company etc. includes, among other things, Group costs. The result of the parent company increased by DKK 5m to DKK -10m.

## Taxation

The tax charge on continuing operations was DKK 138m of the pre-tax profit of DKK 511m, corresponding to an effective tax rate of 27.1% (Q1 2022: 23.7%). As at 1 January 2023, the statutory tax rate for Topdanmark Forsikring A/S has increased to 25.2% (2022: 22%). The effective tax rate was higher than the statutory tax rate of 25.2% primarily due to a non-deductible negative value adjustment of the property portfolio.

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## Efficiency programme

The main focus areas of the efficiency programme are:

- Automation, digitalisation and fraud
- Risk and pricing
- Procurement and cost efficiency.

The annual gross efficiency gains are targeted to be DKK 650m in 2025 of which DKK 435m in 2023. Please refer to the Annual Report 2022 for the full details of the programme.

Topdanmark's efforts to become more efficient are progressing according to plan.

## Acquisition of Oona Health A/S

As stated in company announcement no. 04/2023 dated 16 March 2023, Topdanmark has signed an agreement to acquire Oona Health A/S and all subsidiaries hereof from Daytona Holdings Limited and a number of minority shareholders. Oona Health A/S comprises, among others, Forsikringsselskabet Dansk Sundhedssikring A/S which is market leading and focused on sales and administration of health insurances, as well as PrimaCare A/S which delivers part of the value chain related to health insurances.

The acquisition is a clear strategic fit to the focused non-life insurance company that Topdanmark is today, and it is an important investment in delivering the best products and services to our customers. At the same time, Topdanmark secures a strong position in a fast-growing market with high customer loyalty.

Closing of the transaction is, among other things, subject to relevant regulatory approvals. The transaction is still expected to be completed in the second half of 2023. In the profit forecast model for 2023, closing is assumed as at 31 December 2023 and thus has limited financial impact in 2023. In continuation of the acquisition, Topdanmark expects to pay extraordinary costs related to the transaction and integration of DKK 100m.



# Profit forecast model

Profit forecast model 2023 (DKKm)	Forecast 2023 31 March 2023			Forecast 2023 30 December 2022			Results 2022
Insurance service result	1,475	–	1,775	1,425	–	1,725	1,774
Net investment result	200	–	225	100	–	125	-244
Other items	-65	–	-60	-65	–	-60	-90
Profit on insurance	1,610	–	1,940	1,460	–	1,790	1,441
Parent company etc.	-60	–	-50	-60	–	-50	-59
Profit before tax, continuing operations	1,550	–	1,890	1,400	–	1,740	1,382
Tax, continuing operations	-400	–	-480	-350	–	-430	-305
Profit after tax, continuing operations	1,150	–	1,410	1,050	–	1,310	1,078
Profit after tax, discontinued operations	-	–	-	-	–	-	1,102
<b>Profit</b>	<b>1,150</b>	<b>–</b>	<b>1,410</b>	<b>1,050</b>	<b>–</b>	<b>1,310</b>	<b>2,179</b>

Traditionally, we do not publish actual profit forecasts, but instead, the expected level of results provided that a number of assumptions about the return in the financial markets are met. The return on financial assets changes on a daily basis, and consequently our profit forecast model will already deviate from actual expectations by the time it is published.

Therefore, as set out at [www.topdanmark.com](http://www.topdanmark.com) → Investors → [Risk management](#), we provide additional information on how changes in the assumptions underlying the profit forecast model will affect the results.

As can be seen, the investment return forecast model is not based on a specific estimate of the expected investment return for the rest of the year, but solely on a long-term standard assumption regarding the return.

## Insurance

In the Annual Report 2022, we assumed insurance revenue growth of 2-3.5% and a combined ratio of 83-86 for 2023. The underlying assumptions can be found in the Annual Report 2022. Since this report, the following major changes to assumptions have occurred:

- In Q1 2023, there were run-off profits of DKK 60m, corresponding to a 0.6pp improvement of the combined ratio for 2023.
- Higher expected expenses in Q2-Q4 2023 as the collective salary agreement effective 1 April 2023 included a higher salary increase than anticipated.
- The net investment result in Q1 2023 was affected by positive financial market developments and thus approx. DKK 70m higher than assumed.

As a result, the assumed combined ratio is improved to 82.5-85.5, excluding run-off in Q2-Q4 2023. This includes an expected expense ratio a little higher than 16.5.

The assumed insurance revenue growth remains unchanged at 2-3.5%.

The announced acquisition of Oona Health A/S is for modelling purposes assumed to close as at 31 December 2023. As a result, no effects related to the acquisition have been included.

The overall assumed pre-tax profit on insurance is DKK 1,610-1,940m excluding run-off in Q2-Q4.

## Parent company

The profit forecast model for the parent company assumes an unchanged pre-tax loss of DKK 50-60m.

## Taxation

Assuming an effective tax rate of 25.2% in Q2-Q4 2023 in accordance with the increased corporate tax rate for financial sector companies, the tax charge on continuing operations is expected to be DKK 400-480m.

## Total Group profit

Topdanmark's overall post-tax profit according to the profit forecast model for 2023 is DKK 1,150-1,410m representing an EPS of DKK 13.0-15.9. The assumed profit is exclusive of run-off in Q2-Q4. The result of the profit forecast model corresponds to 73-90% of the current Group solvency requirement.

The profit forecast model assumes unchanged foreign exchange rates from the level as at 31 March 2023.

For the liability matching part of the investment portfolio, the model assumes that the return on interest-bearing assets that hedge the discounted provisions exactly suffices to cover discounting and value adjustments of the provisions. For the “free” investment portfolio, the profit forecast model is based on the common return expectations for investments with a 1-5-year horizon as set out by the Council for Return Expectations.

## Financial calendar

AGM	26 Apr 2023
2023 Half-year Report	14 July 2023
Q1-Q3 2023 Interim Report	24 Oct 2023

## Disclaimer

This interim report includes statements relating to the future. Such statements are uncertain and involve both general and specific risks.

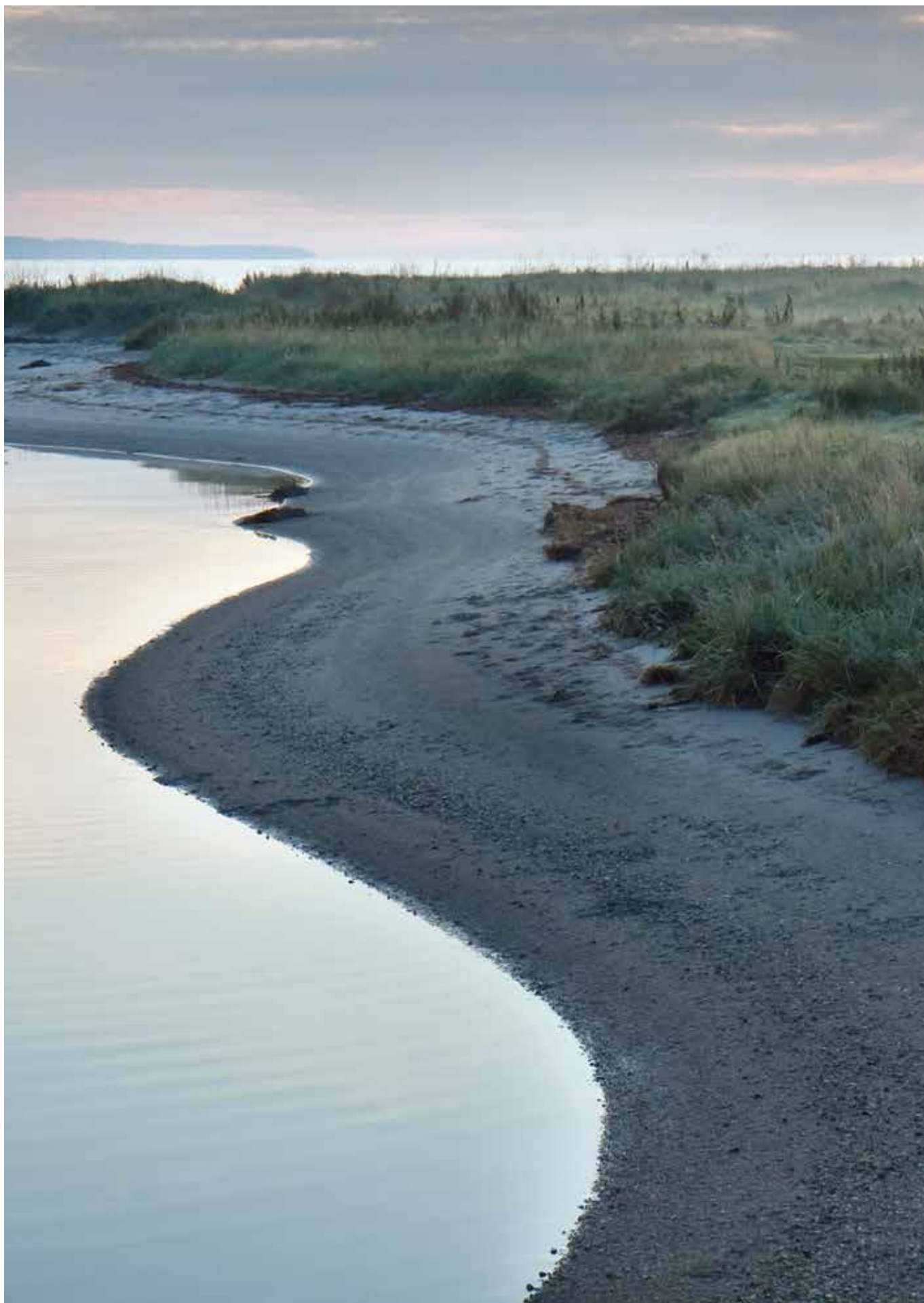
Many factors may cause significant deviation from the forecasts and assumptions set out in the interim report.

Such factors could be, for example, cyclical movements, changes in the financial markets, the financial effect of unexpected events such as acts of terror or exceptional weather conditions, changes in Danish and EU rules, competitive factors in the insurance industry, and trends in the reinsurance market. See also: [www.topdanmark.com](http://www.topdanmark.com) → Investor → [Risk management](#).

The above description of risk factors is not exhaustive. Investors and others, who may base decisions relating to Topdanmark on statements relating to the future, should give their own careful consideration to these and other factors of uncertainty.

Topdanmark's statements relating to the future are solely based on information known at the time of the preparation of this interim report.







# **Financial statements for Q1 2023**

– Group

## Income statement • Group

(DKKm)	Note	Q1 2023	Q1 2022	Full year 2022
Insurance revenue		2,500	2,439	9,898
Insurance service expenses		-1,983	-2,194	-7,851
Reinsurance result		-91	-35	-272
<b>Insurance service result</b>		<b>426</b>	<b>210</b>	<b>1,774</b>
Interest income and dividends etc.		117	79	321
Value adjustments		96	-386	-1,320
Interest expenses		-15	-10	-43
Expenses on investment activities		-14	-12	-63
<b>Total investment return</b>		<b>183</b>	<b>-329</b>	<b>-1,105</b>
Insurance finance income insurance contracts		-78	336	869
Insurance finance expenses reinsurance contracts		4	-5	-16
<b>Net investment result</b>		<b>109</b>	<b>1</b>	<b>-252</b>
Other income		2	2	8
Other expenses		-26	-53	-148
<b>Profit before tax, continuing operations</b>		<b>511</b>	<b>159</b>	<b>1,382</b>
Tax, continuing operations		-138	-38	-305
<b>Profit after tax, continuing operations</b>		<b>373</b>	<b>122</b>	<b>1,078</b>
Profit after tax, discontinued operations	2	0	39	1,102
<b>Profit</b>		<b>373</b>	<b>161</b>	<b>2,179</b>
EPS continuing operations, diluted (DKK)		4.2	1.4	12.2
EPS, diluted (DKK)		4.2	1.8	24.6

## Statement of comprehensive income • Group

<b>Profit</b>	<b>373</b>	<b>161</b>	<b>2,179</b>
Items which cannot subsequently be reclassified as profit or loss:			
Deferred tax on security fund (change in the tax percentage)	0	0	-56
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-56</b>
<b>Total comprehensive income</b>	<b>373</b>	<b>161</b>	<b>2,124</b>

## Assets • Group

(DKKm)	Note	31 March 2023	31 March 2022	31 December 2022
<b>Intangible assets</b>		<b>1,383</b>	<b>1,110</b>	<b>1,314</b>
Operating equipment		67	68	67
Owner-occupied properties		739	810	765
<b>Total tangible assets</b>		<b>805</b>	<b>879</b>	<b>832</b>
Equity investments in associates and joint ventures		55	78	53
<b>Total investments in associates and joint ventures</b>		<b>55</b>	<b>78</b>	<b>53</b>
Equity investments		858	1,099	1,006
Bonds		16,376	13,681	13,989
Loans guaranteed by mortgages		5	5	5
Deposits with credit institutions		4,059	503	4,044
Derivatives		168	122	171
<b>Total other financial investment assets</b>		<b>21,466</b>	<b>15,410</b>	<b>19,215</b>
<b>Total investment assets</b>		<b>21,520</b>	<b>15,487</b>	<b>19,269</b>
Reinsurance asset		548	720	591
Other receivables		133	131	185
<b>Total receivables</b>		<b>681</b>	<b>852</b>	<b>776</b>
Deferred tax assets		51	27	49
Assets held for sale	2	0	98,482	0
Liquid funds		64	54	61
Other		45	12	16
<b>Total other assets</b>		<b>160</b>	<b>98,575</b>	<b>126</b>
Accrued interest and rent		113	82	99
Other prepayments and accrued income		254	179	188
<b>Total prepayments and accrued income</b>		<b>368</b>	<b>262</b>	<b>287</b>
<b>Total assets</b>		<b>24,917</b>	<b>117,165</b>	<b>22,603</b>

## Shareholders' equity and liabilities • Group

(DKKkm)	Note	31 March 2023	31 March 2022	31 December 2022
Share capital		90	90	90
Revaluation reserve		0	2	0
Security fund		1,090	1,146	1,090
Other reserves		48	85	46
Total reserves		1,138	1,231	1,137
Profit carried forward		2,754	2,973	308
Proposed dividend		2,790	0	4,815
<b>Total shareholders' equity</b>		<b>6,773</b>	<b>4,296</b>	<b>6,349</b>
<b>Other subordinated loan capital</b>		<b>1,100</b>	<b>1,900</b>	<b>1,100</b>
Liability for remaining coverage		4,173	4,329	2,254
Liability for incurred claims		10,889	11,587	10,981
<b>Total provisions for insurance contracts</b>		<b>15,062</b>	<b>15,916</b>	<b>13,235</b>
Pensions and similar commitments		20	24	20
Deferred tax liabilities		328	205	275
Other liabilities		347	25	361
<b>Total provisions</b>		<b>695</b>	<b>254</b>	<b>656</b>
Amounts due to credit institutions		162	922	171
Current tax liabilities		69	12	108
Liabilities relating to assets held for sale	2	0	92,656	0
Derivatives		239	152	236
Other debt		809	1,042	698
<b>Total debt</b>		<b>1,279</b>	<b>94,784</b>	<b>1,213</b>
<b>Accruals and deferred income</b>		<b>7</b>	<b>15</b>	<b>49</b>
<b>Total shareholders' equity and liabilities</b>		<b>24,917</b>	<b>117,165</b>	<b>22,603</b>
Accounting policies	1			
Discontinued operations	2			
Financial assets and liabilities	3			
Contingent liabilities	4			
Related parties	5			

## Cash flow statement • Group

(DKKm)	Q1 2023	Q1 2022	Full year 2022
<b>Cash flow from operations</b>			
Insurance revenue	4,377	4,420	9,830
Insurance service expenses	-2,060	-1,971	-7,574
Reinsurance result	-45	-1	-110
Cash flow from non-life insurance	2,273	2,448	2,146
Interest income etc.	94	50	233
Dividends	7	4	54
Interest expenses etc.	-30	-22	-106
Corporation tax	-127	-148	-176
Other items	9	-2	-137
<b>Cash flow from operations, continuing operations</b>	<b>2,226</b>	<b>2,330</b>	<b>2,014</b>
Cash flow from operations, discontinued operations	0	294	2,448
<b>Cash flow from operations</b>	<b>2,226</b>	<b>2,625</b>	<b>4,463</b>
<b>Cash flow from investments</b>			
Intangible assets, operating equipment	-94	-73	-337
Properties	0	438	438
Sale of subsidiaries	0	0	3,860
Dividends from associates and joint ventures	0	0	19
Equity investments	200	2	-31
Bonds	-2,339	-1,072	-2,086
Derivatives	1	-34	-127
<b>Cash flow from investments, continuing operations</b>	<b>-2,232</b>	<b>-739</b>	<b>1,737</b>
Cash flow from investments, discontinued operations	0	-1,014	-2,847
<b>Cash flow from investments</b>	<b>-2,232</b>	<b>-1,753</b>	<b>-1,111</b>
<b>Cash flow from financing</b>			
Dividend paid	0	-2,679	-3,040
Exercise of share options	33	27	67
Redemption of subordinated loan capital	0	0	-1,200
Issue of subordinated loan capital	0	0	400
Amounts due to credit institutions	-9	651	-99
<b>Cash flow from financing, continuing operations</b>	<b>23</b>	<b>-2,002</b>	<b>-3,873</b>
Cash flow from financing, discontinued operations	0	377	2,591
<b>Cash flow from financing</b>	<b>23</b>	<b>-1,624</b>	<b>-1,282</b>
<b>Change in cash and cash equivalents, continuing operations</b>	<b>17</b>	<b>-410</b>	<b>-122</b>
<b>Change in cash and cash equivalents, discontinued operations</b>	<b>0</b>	<b>-343</b>	<b>2,192</b>
Cash and cash equivalents at beginning of period	4,105	3,756	3,756
Value adjustment of cash and cash equivalents	0	-4	-5
Cash and cash equivalents, discontinued operations	0	-2,443	-1,716
<b>Cash and cash equivalents at end of period</b>	<b>4,123</b>	<b>557</b>	<b>4,105</b>
Cash and cash equivalents comprise:			
Liquid funds	64	54	61
Deposits with credit institutions	4,059	503	4,044
<b>Cash and cash equivalents</b>	<b>4,123</b>	<b>557</b>	<b>4,105</b>

## Statement of changes in equity • Group

(DKKkm)	Share capital	Revaluation reserve	Security fund	Other reserves	Profit carried forward	Proposed dividend	Total
<b>Q1 2023</b>							
Shareholders' equity at 31 December prior year	90	0	1,090	46	457	4,815	6,498
Effect of change in accounting policies					-149		-149
Shareholders' equity beginning of period according to new accounting policies	90	0	1,090	46	308	4,815	6,349
Reduction of proposed dividend prior year					2,025	-2,025	0
Profit				2	371		373
Other comprehensive income		0					0
Total comprehensive income		0		2	371		373
Share-based payments					19		19
Exercise of share options					33		33
Taxation on share-based payments					-1		-1
Transactions with owners					51		51
<b>Shareholders' equity at end of period</b>	<b>90</b>	<b>0</b>	<b>1,090</b>	<b>48</b>	<b>2,754</b>	<b>2,790</b>	<b>6,773</b>
<b>Q1 2022</b>							
Shareholders' equity at 31 December prior year	90	2	1,146	83	2,973	3,105	7,399
Effect of change in accounting policies					-280		-280
Shareholders' equity beginning of period according to new accounting policies	90	2	1,146	83	2,693	3,105	7,119
Profit				2	159		161
Other comprehensive income		0					0
Total comprehensive income		0		2	159		161
Dividend paid						-3,105	-3,105
Dividend, own shares					65		65
Share-based payments					23		23
Exercise of share options					27		27
Taxation on share-based payments					7		7
Transactions with owners					121	-3,105	-2,984
<b>Shareholders' equity at end of period</b>	<b>90</b>	<b>2</b>	<b>1,146</b>	<b>85</b>	<b>2,973</b>	<b>0</b>	<b>4,296</b>
<b>2022</b>							
Shareholders' equity at 31 December prior year	90	2	1,146	83	2,973	3,105	7,399
Effect of change in accounting policies					-280		-280
Shareholders' equity beginning of period according to new accounting policies	90	2	1,146	83	2,693	3,105	7,119
Profit		-2		-37	-2,597	4,815	2,179
Other comprehensive income			-56				-56
Total comprehensive income		-2	-56	-37	-2,597	4,815	2,124
Dividend paid						-3,105	-3,105
Dividend, own shares					65		65
Share-based payments					78		78
Exercise of share options					67		67
Taxation on share-based payments					2		2
Transactions with owners					211	-3,105	-2,894
<b>Shareholders' equity at end of period</b>	<b>90</b>	<b>0</b>	<b>1,090</b>	<b>46</b>	<b>308</b>	<b>4,815</b>	<b>6,349</b>

## Segment information • Group

Income statement (DKK m)	Private	SME	Elimin- ated	Result from insurance	Parent etc.	Elimin- ated	Group
<b>Q1 2023</b>							
Insurance revenue	1,199	1,304	-2	2,500			2,500
Gross claims	-768	-803	2	-1,568		4	-1,564
Operating costs	-198	-232	1	-430		11	-418
Reinsurance result	-14	-77	0	-91			-91
<b>Insurance service result</b>	<b>218</b>	<b>192</b>	<b>0</b>	<b>411</b>		<b>15</b>	<b>426</b>
Total investment return				195	3	-15	183
Insurance finance income and expenses				-74			-74
Other items				-12	-13		-24
<b>Profit before tax</b>				<b>521</b>	<b>-10</b>	<b>0</b>	<b>511</b>
Tax							-138
<b>Profit</b>							<b>373</b>
Run-off result:							
Gross business	45	17		62			62
Reinsurance ceded	2	-4		-2			-2
<b>Run-off result, net of reinsurance</b>	<b>47</b>	<b>12</b>		<b>60</b>			<b>60</b>
<b>Q1 2022</b>							
Insurance revenue	1,191	1,250	-3	2,439			2,439
Gross claims	-799	-1,013	2	-1,809		2	-1,807
Operating costs	-184	-207	0	-391		4	-387
Reinsurance result	-7	-27	0	-35			-35
<b>Insurance service result</b>	<b>201</b>	<b>3</b>	<b>0</b>	<b>204</b>		<b>6</b>	<b>210</b>
Net investment result				-321	-3	-6	-329
Insurance finance income and expenses				331			331
Other items				-39	-12		-52
<b>Profit before tax, continuing operations</b>				<b>174</b>	<b>-15</b>	<b>0</b>	<b>159</b>
Tax, continuing operations							-38
<b>Profit after tax, continuing operations</b>							<b>122</b>
Profit after tax, discontinued operations							39
<b>Profit</b>							<b>161</b>
Run-off result:							
Gross business	30	-87		-57			-57
Reinsurance ceded	-1	-3		-3			-3
<b>Run-off result, net of reinsurance</b>	<b>29</b>	<b>-89</b>		<b>-60</b>			<b>-60</b>



# Notes to the financial statements • Group

## Note 1. Accounting policies

The announcement of the Q1 2023 results has been prepared in accordance with IAS 34 on interim reports for listed companies and additional Danish disclosure requirements on interim report for listed financial services company.

### Changes in accounting policies

Topdanmark has applied IFRS 17 Insurance Contracts and IFRS 9 Financial instruments as from 1 January 2023.

As From 1 January 2023, Topdanmark has applied the EIOPA interest rate curve without any Volatility Adjustment component, which up to and including 2022 has been amended to the EIOPA interest rate curve.

Topdanmark's operations are non-life insurance with mainly one-year contracts, and Topdanmark will use the Premium Allocation Approach (PAA), an IFRS 17 simplified model for insurance contracts with a coverage period of one year or less.

Following the Premium Allocation Approach (PAA), accounting policies are for most parts in line with Topdanmark's accounting policies so far.

As at 1 December 2022 Topdanmark Liv Holding A/S and all subsidiaries were divested of, and the activity was reclassified to discontinued operations in the 2022 accounts.

### Net result

As can be seen in the tables below for full year and Q1 2022, the application of IFRS 17 and IFRS 9 did only have insignificant impact on the net result for the continuing business in non-life insurance.

Omission of the VA component affected the result for 2022 by DKK 131m (Q1 2022: DKK 13m) due to a declining effect on the claims provisions over the year.

Throughout Q1-Q3 2022, the transition to IFRS 17 / IFRS 9 affected results from life operations positively. The activity was sold in Q4 2022, and the positive effects in Q1-Q3 2022 were absorbed by a lower gain on sale.

### Shareholders' equity

Mainly due to an IFRS 17 Risk adjustment replacing the SII Risk margin and omission of the VA component on the interest rate curve for measuring the claims provisions, shareholders' equity was affected by DKK -280m in the opening balance 1 January 2022 and DKK -149m 31 December 2022 (DKK -234m end Q1 2022).

Effect of new accounting policies (DKKm)	Shareholders' equity		Result 2022
	1/1 2022	31/12 2022	
<b>2022 accounting policies</b>	<b>7,399</b>	<b>6,498</b>	<b>2,049</b>
Non-life IFRS 17 / IFRS 9	-91	-104	-13
Non-life VA component	-176	-45	131
Life IFRS 17 / IFRS 9	-13	0	13
Net effect after tax	-280	-149	130
<b>2023 accounting policies</b>	<b>7,119</b>	<b>6,349</b>	<b>2,179</b>

Effect of new accounting policies (DKKm)	Shareholders' equity		Result Q1 2022
	1/1 2022	31/3 2022	
<b>2022 accounting policies</b>	<b>7,399</b>	<b>4,530</b>	<b>115</b>
Non-life IFRS 17 / IFRS 9	-91	-87	4
Non-life VA component	-176	-163	13
Life IFRS 17 / IFRS 9	-13	16	28
Net effect after tax	-280	-234	46
<b>2023 accounting policies</b>	<b>7,119</b>	<b>4,296</b>	<b>161</b>

The effects are based on assessments made to date. The new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until Topdanmark finalises the Annual Report 2023.

Key accounting principles, income statement for the year 2022 and balance sheets beginning and end 2022 have been disclosed in the Annual Report 2022, note 44.

# Notes to the financial statements • Group

## Key accounting policies

### IFRS 17 Insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosures of insurance contracts issued, reinsurance contracts issued and held, and investment contracts with discretionary participation features issued.

Under IFRS 17, an insurance contract is defined as a contract under which one party, the issuer, accepts significant insurance risk from another party, the policyholder. Insurance contract service is the service that an issuer provides to a policyholder for the coverage of an insured event. For most insurance contracts issued by Topdanmark, the insurance risk is considered to be significant.

### IFRS 9 Financial instruments

Under IFRS 9, financial assets are classified as being subsequently measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss (FVTPL).

Most of Topdanmark's financial assets are classified at fair value through profit or loss, and a limited amount of financial assets is measured at amortised cost.

The classification of financial assets into the categories is based on Topdanmark's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets (solely payments of principal and interest -criteria, SPPI).

The classification in fair value through profit or loss and amortised cost is basically unchanged from 2022 classification.

## Presentation

### Balance sheet

Presentation of the balance sheet under the new accounting policies is generally unchanged from previous years with the one exception that receivables and debt relating to insurance and reinsurance contracts now being part of the measurement of the insurance provisions and the reinsurance asset, and therefore no longer form independent line items. In addition, a number of accounting lines have changed names.

### Income statement

The Income statement according to IFRS 17 is very much in line with presentation of non-life results used. Compared with 2022 accounting policies, IFRS 17

requires only a few changes to recognition and measurement, and a limited number of reclassifications.

### **Insurance revenue** (Gross premium income):

Insurance revenue includes premiums receipts and expected premium receipts allocated to the period, generally based on the passage of time i. e. allocated straight line.

Recognition of insurance revenue is continued with three changes:

- **Bonuses and premium rebates**

Up to and including 2022, bonuses and premium rebates are presented in a separate line in the income statement but included in premium income when calculating the ratios for claims, costs, and the combined ratio. Under IFRS 17, bonuses and premium rebates are included in insurance service expenses.

- **Discounting effects and interest accreted**

Up to and including 2022, discounting of the premium provisions and accretion of interest on the profit margin have affected premium income and the investment result in opposite directions. Under IFRS 17, liability for remaining coverage (premium provisions and profit margin) is not discounted, except for loss components, and no interest is accreted.

- **Loss components**

Loss components for onerous contracts are part of liability for remaining coverage (premium provisions), and changes have been included in premium income. Under IFRS 17, in the income statement, loss components are included in insurance service expenses.

### **Insurance service expenses**

Insurance service expenses comprises Claims incurred and Operations expenses.

IFRS 17 introduces a few changes to classification within claims and operating expenses:

### **Wage indexation of annuities and inflation swaps**

Changes to expected wage indexation of the provisions for annuities (workers' compensation) have been reclassified from claims incurred to the investment result (insurance finance income).

Inflation swaps held for the purpose of reducing the effect of inflation have been reclassified from claims incurred to investment income.

## Notes to the financial statements • Group

### Education and development of new products

Costs not attributable to the insurance portfolios have been reclassified from operating expenses to other expenses outside the insurance service result.

### Insurance acquisition costs

Topdanmark will continue the current practice, and expense acquisition costs when incurred. However, an asset for acquisition costs has been recognised and deferred over the expected lifetime for a minor portfolio of multi-year contracts.

Income statement • Group	IFRS 4	IFRS 17	Change
(DKKkm)	Q1 2022	Q1 2022	
Insurance revenue	2,428	2,439	10
Insurance service expenses	-2,069	-2,194	-125
Reinsurance result	-35	-35	0
<b>Insurance service result</b>	<b>324</b>	<b>210</b>	<b>-114</b>
Interest income and dividends etc.	79	79	0
Value adjustments	-576	-386	190
Interest charges	-10	-10	0
Expenses on investment activities	-12	-12	0
<b>Total investment return</b>	<b>-519</b>	<b>-329</b>	<b>190</b>
Insurance finance income insurance contracts	378	336	-42
Insurance finance expenses reinsurance contracts	-7	-5	1
<b>Net investment result</b>	<b>-148</b>	<b>1</b>	<b>150</b>
Other income	1	2	0
Other expenses	-40	-53	-14
<b>Profit before tax, continuing operations</b>	<b>137</b>	<b>159</b>	<b>22</b>
Tax, continuing operations	-33	-38	-5
<b>Profit after tax, continuing operations</b>	<b>104</b>	<b>122</b>	<b>17</b>
Profit after tax, discontinued operations	10	39	28
<b>Profit</b>	<b>115</b>	<b>161</b>	<b>46</b>

### Life insurance, discontinued operations

The discontinued operations in life insurance consists of life and savings contracts which by nature are long-term contracts, and a portfolio of short-term illness and accident contracts.

The life operation has been divested as at 30 November 2022. As a consequence, the results recognised will not change the overall effect of the divestment.

Products sold has been classified as insurance contracts when Topdanmark has accepted significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Savings contracts without insurance risks are measured using IFRS 9.

In addition to compensation for losses from insured risk, Life has issued insurance pensions savings contracts that allow policyholders to participate in investment returns with Life. Participating contracts meet the definition of insurance contracts with direct participating features if the following three criteria are met:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items
- The Life Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns from the underlying items
- A substantial proportion of the cash flows that the Life Group expects to pay to the policyholder is expected to vary with the change in the fair value of the underlying items.

The contracts represent the majority of contracts issued and are measured using the variable fee approach (VFA).

The Life group has issued life and pensions contracts without the above-described features with long-term coverage. These are measured using the general measurement model.

Contracts with a coverage of 12 months or less has been measured using the simplified model, PAA.

## Notes to the financial statements • Group

The insurance contracts are recognised at the earliest of the beginning of coverage period, or the first payment is due, or when a group becomes onerous.

At initial recognition, contracts are segregated based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts.

A group of contracts are measured on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary, and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss or contractual service margin at the end of each reporting period.

Expected future cash flows that vary based on the returns on any financial underlying items are discounted at rates that reflect this variability. Discounting has been applied using EIOPA interest rate with a volatility adjustment.

Insurance acquisition cash flows are included in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs.

An asset is recognised in respect of costs to secure a portfolio or group of insurance contracts, such as costs of selling and underwriting, when these costs are incurred before the recognition of the group of insurance contracts to which these costs relate.

### Presentation

Insurance revenue consists of provided insurance services for a group of insurance contracts issued.

For groups of insurance contracts measured under the General Model and VFA, insurance revenue include change in contractual service margin and risk adjustment for non-financial risks, and insurance service expenses incurred in the period and measured at beginning of the period.

Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time.

### Transition approach applied

For the discontinued operations full, the retrospective approach has been applied when practicable. When not practicable, a modified retrospective approach or fair value has been applied.

## Notes to the financial statements • Group

(DKKm)	Q1 2022	11 months 2022
<b>Note 2. Discontinued operations</b>		
<b>Topdanmark Liv Holding Group</b>		
<b>Income statement</b>		
Insurance revenue	524	1,815
Insurance service expenses	-359	-1,444
Reinsurance result	8	12
<b>Insurance service result</b>	<b>172</b>	<b>384</b>
Total investment return	-3,612	-8,292
Insurance finance income and expenses	3,542	8,226
<b>Net investment result</b>	<b>-70</b>	<b>-66</b>
Other income	2	19
Other expenses	-37	-95
<b>Profit before tax Topdanmark Liv Holding Group</b>	<b>67</b>	<b>241</b>
<b>Net gain on sale before tax</b>	<b>0</b>	<b>872</b>
<b>Tax</b>	<b>-28</b>	<b>-11</b>
<b>Profit after tax, discontinued operations</b>	<b>39</b>	<b>1,102</b>

	<b>31 March 2022</b>
<b>Balance sheet</b>	
<b>Assets held for sale</b>	
Intangible assets	575
Tangible assets	17
Investment assets	30,325
Investment assets related to unit-linked products	66,105
Receivables	424
Other assets	628
Prepayments and accrued income	409
<b>Total assets</b>	<b>98,482</b>
<b>Liabilities relating to assets held for sale</b>	
Shareholders' equity	1,616
Other subordinated loan capital	300
Provisions for insurance contracts	85,049
Provisions for investment contracts	4,976
Other provisions	336
Debt	6,130
Accruals and deferred income	75
<b>Total shareholders' equity and liabilities</b>	<b>98,482</b>
<b>Total liabilities excl. group internal eliminations</b>	<b>92,656</b>

At 1 December 2022 Topdanmark Forsikring A/S finalised the divestment of Topdanmark Liv Holding A/S and all subsidiaries hereof to Nordea Life Holding AB.

Following the announcement of the divestment, 18 March 2022, and with effect on comparatives, the result from the life insurance group has been presented as discontinued operations. Balance sheet items were presented as assets held for sale and liabilities relating to assets held for sale from the announcement.

## Notes to the financial statements • Group

(DKK m)	31 March 2023	31 March 2022	31 December 2022
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### Note 3. Financial assets and liabilities

#### Fair value measurement

Fair value is the price which would be achieved on the sale of an asset or paid for the transfer of a liability in a normal transaction between the market players at the time of measurement.

The IFRS defines a hierarchy of three levels for measurement of fair value:

##### Level 1

The calculation at fair value is based on the listed prices of transactions in active markets. If there is an active market for listed equity investments, bonds, derivatives etc., the measurement is generally based on the closing price end of year.

##### Level 2

If there is no closing price, another public price is used, which is believed to be the most appropriate, in the form of indicative prices from banks/brokers. Assets of this type are, for example CLOs and CDOs. Valuation methods or other publicly available information is used to value listed securities, where the closing price does not reflect the fair value.

Valuation methods are based on publicly available market data. If there is no active market for the financial instrument, depending on the nature of the asset or liability, the calculation is based on underlying parameters such as interest and foreign exchange rates, volatility or comparison with the market prices of corresponding instruments.

##### Level 3

In certain cases, the valuation cannot be based on publicly available market information alone. In these cases, valuation models that could imply the use of estimates of both the future and the nature of the current market situation are used.

Financial assets recorded at fair value based on non-observable input (level 3):

1 January	37	80	80
Reclassification due to sale of life	0	-46	-46
Value adjustments (unrealised)	-1	0	0
Value adjustments (realised)	0	2	3
	<b>37</b>	<b>36</b>	<b>37</b>

The carrying value of financial assets and financial liabilities recorded at amortised cost corresponds approx. to fair value.

### Note 4. Contingent liabilities

Capital commitments made to loan funds and private equity funds etc.	97	111	102
Other liabilities	0	1	0

All companies in the Topdanmark Group and other Danish companies and branches in the Sampo Group are jointly taxed with Topdanmark A/S being the management company. Pursuant to the specific rules on corporation taxes etc. in the Danish Companies Act, the companies are liable for the jointly taxed companies and for any obligations to withhold tax on interest, royalties and dividend for companies concerned.

In connection with the implementation of a new customer and core system, Topdanmark Forsikring A/S has undertaken to provide support to specific suppliers to fulfil Topdanmark EDB IV ApS' obligations in accordance with the contracts.

### Note 5. Related parties

#### Transactions

In 2022, Q1, Topdanmark A/S paid dividend of DKK 1,501m to Sampo plc. and received dividend of DKK 3,100m from Topdanmark Forsikring A/S.

#### Subordinated loans

Q4 2022 redemption of subordinated notes DKK 800m held by If P&C Insurance Ltd.  
Q4 2022 redemption of subordinated notes DKK 133m held by If P&C Insurance Ltd.  
Q4 2022 issue of subordinated notes DKK 250m subscribed by If P&C Insurance Ltd.

There have been no other material transactions with related parties except from ordinary commercial trade between the companies in the Topdanmark Group.





# **Financial statements for Q1 2023**

- Parent company

## Income statement • Parent company

(DKKm)	Q1 2023	Q1 2022	Full year 2022
Income from subsidiaries	380	145	2,217
Interest income and dividends etc.	3	0	3
Value adjustments	0	0	-1
Interest expenses	0	-3	-11
<b>Total investment return</b>	<b>383</b>	<b>142</b>	<b>2,208</b>
Other expenses	-13	-12	-50
<b>Profit before tax</b>	<b>370</b>	<b>130</b>	<b>2,158</b>
Tax	2	3	10
<b>Profit</b>	<b>372</b>	<b>132</b>	<b>2,168</b>

## Statement of comprehensive income • Parent company

<b>Profit</b>	<b>372</b>	<b>132</b>	<b>2,168</b>
Other comprehensive income from subsidiaries	0	0	0
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>372</b>	<b>133</b>	<b>2,168</b>

## Balance sheet • Parent company

(DKKm)	Note	31 March 2023	31 March 2022	31 December 2022
<b>Assets</b>				
Operating equipment		3	3	3
<b>Total tangible assets</b>		<b>3</b>	<b>3</b>	<b>3</b>
Equity investments in subsidiaries		6,472	3,958	6,074
<b>Total investment in subsidiaries</b>		<b>6,472</b>	<b>3,958</b>	<b>6,074</b>
Equity investments		0	1	1
<b>Total other financial investment assets</b>		<b>0</b>	<b>1</b>	<b>1</b>
<b>Total investment assets</b>		<b>6,472</b>	<b>3,960</b>	<b>6,075</b>
Receivables from subsidiaries		839	1,452	833
Other receivables		0	0	4
<b>Total receivables</b>		<b>840</b>	<b>1,452</b>	<b>837</b>
Liquid funds		1	1	20
<b>Total other assets</b>		<b>1</b>	<b>1</b>	<b>20</b>
<b>Total assets</b>		<b>7,316</b>	<b>5,416</b>	<b>6,934</b>
<b>Shareholders' equity and liabilities</b>				
Share capital		90	90	90
Other reserves		0	493	0
<b>Total reserves</b>		<b>0</b>	<b>493</b>	<b>0</b>
Profit carried forward		4,244	3,990	1,794
Proposed dividend		2,790	0	4,815
<b>Total shareholders' equity</b>		<b>7,124</b>	<b>4,573</b>	<b>6,699</b>
<b>Other subordinated loan capital</b>		<b>0</b>	<b>400</b>	<b>0</b>
Amounts due to subsidiaries		50	53	49
Current tax liabilities		66	12	108
Other debt		77	378	78
<b>Total debt</b>		<b>192</b>	<b>443</b>	<b>235</b>
<b>Total shareholders' equity and liabilities</b>		<b>7,316</b>	<b>5,416</b>	<b>6,934</b>

Accounting policies

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## Notes to the financial statements • Parent company

### Note 1. Accounting policies

Accounting policies for the parent company, Topdanmark A/S, have been prepared in accordance with the executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA.

As from 2023, Topdanmark Group has adopted IFRS 17 Insurance contracts, IFRS 9 Financial instruments, and the VA component has been omitted from the EIOPA interest rate curve.

The parent company, Topdanmark A/S, has adopted those changes to accounting policies applied by the Group, being compatible with the executive order on financial reports.

All changes relate to the subsidiary Topdanmark Forsikring A/S and that company's subsidiaries.

Effect of changed accounting policies					
(DKK m)	Shareholders' equity			Result	
	1/1 2022	31/3 2022	31/12 2022	Q1 2022	Year 2022
<b>2022 accounting policies</b>	<b>7,705</b>	<b>4,836</b>	<b>6,860</b>	<b>115</b>	<b>2,049</b>
Changes in subsidiaries	-281	-263	-161	18	119
<b>2023 accounting policies</b>	<b>7,424</b>	<b>4,573</b>	<b>6,699</b>	<b>132</b>	<b>2,168</b>

Comparatives have been restated.

### Danish FSA's executive order / IFRS

The following reconciles Shareholders' equity and results between Topdanmark A/S (Danish FSA's executive order) and Topdanmark Group (IFRS).

Danish FSA's executive order / IFRS							
(DKK m)	Shareholders' equity				Result		
	1/1 2022	31/3 2022	31/12 2022	31/3 2023	Q1 2022	Year 2022	Q1 2023
<b>Topdanmark A/S, DFSA's executive order</b>	<b>7,424</b>	<b>4,573</b>	<b>6,699</b>	<b>7,124</b>	<b>132</b>	<b>2,168</b>	<b>372</b>
IAS 12 Deferred tax security funds	-306	-306	-362	-362			
IFRS 17 / IFRS 9	1	29	12	10	28	11	1
Total	-305	-277	-350	-351	28	11	1
<b>Topdanmark Group IFRS</b>	<b>7,119</b>	<b>4,296</b>	<b>6,349</b>	<b>6,773</b>	<b>161</b>	<b>2,179</b>	<b>373</b>

The effects are based on assessments made to date. The new accounting policies, assumptions, judgements, and estimation techniques employed are subject to change until Topdanmark finalises the Annual Report 2023.

# Statement by Management

The Board of Directors and the Executive Board have today considered and adopted the interim report for Q1 2023 for Topdanmark A/S.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU, and the interim financial statements for the parent company are presented in accordance with the Danish Financial Business Act. Further, the interim report is presented in accordance with additional Danish disclosure requirements on interim reports for listed financial services companies.

In our opinion, the consolidated financial statements and the interim financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position as at

31 March 2023 as well as the result of the Group's and the parent company's activities and the Group's cash flows for the financial period from 1 January to 31 March 2023.

We believe that the management review contains a fair view of the development in the Group's and parent company's activities and financial position, together with a description of the most material risks and uncertainties by which the Group and the parent company can be affected.

There have been no events in the period from 31 March 2023 until the presentation of the consolidated financial statements which could change the assessment of the interim report for Q1 2023.

Ballerup, 25 April 2023

## Executive Board:

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Peter Hermann  
(CEO)

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Lars Kufall Beck  
(CFO)

## Board of Directors:

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Ricard Wennerklint  
(Chairman)

---

Jens Aaløse  
(Deputy Chairman)

---

Elise Bundgaard

---

Maria Hjorth

---

Mette Jensen

---

Cristina Lage

---

Petri Niemisvirta

---

Michael Noer

---

Morten Thorsrud

