

ANNUAL REPORT 2021

Borealis Insurance A/S (captive insurance company)

26th financial year
Approved at the Annual General Meeting
held 7 April 2022
Chairman of the meeting:

CVR registration no. 19 32 32 93

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Statement by the Executive and Supervisory Boards

Today, the Executive and Supervisory Boards have discussed and approved the Annual Report of Borealis Insurance A/S (captive insurance company) for the period 1 January to 31 December 2021, including Statement by the Executive and Supervisory Boards, Management's review, income statement, statement of other comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies.

The Annual Report for Borealis Insurance A/S (captive insurance company) is prepared according to the Danish Financial Business Act. In our opinion, the accounting policies selected are appropriate and the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the accounting period 1 January to 31 December 2021.

Further, in our opinion, the Management's review gives a fair description of the development in the Company's activities and financial standing as well as a description of significant risks and uncertainties, which may affect the Company.

We recommend that the Annual Report is approved at the Annual General Meeting.

Copenhagen, April 7, 2022

Executive Board:

Peter Rienckens
Director

Claus Kirk
Director

Supervisory Board:

Katja Tautscher
Chairman

Niels Bang

Gernot Kriegbaum

Koen Timmermans

Independent Auditor's Report

To the shareholder of Borealis Insurance A/S (captive insurance company)

Our opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Board of Directors.

What we have audited

The Financial Statements of Borealis Insurance A/S (captive insurance company) for the financial year 1 January to 31 December 2021 comprise income statement and other comprehensive income, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies ("Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Borealis Insurance A/S on 11 April 2016 for the financial year ending 31 December 2016. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of six years including the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>Measurement of provisions for insurance contracts</i> The Company's provisions for insurance contracts amount to a total of DKK 67.7 million, which represents 43% of the total balance. Claims provisions are calculated as the present value of a best estimate of expected payments relating to insurance events incurred at the balance sheet date in addition to payments already made in connection with these events. In addition, expenses for surveys and assessment of the claims by independent loss adjusters are included. The most significant estimates and assumptions relate to the timing and extent of future payments of claims, which are based, among other things, on reports by independent loss	We performed risk assessment procedures with the purpose of achieving an understanding of procedures and relevant controls relating to claims processing and insurance provisioning. In respect of controls, we assessed whether these were designed and implemented effectively to address the risk of material misstatement. We assessed and challenged the methods and models and significant assumptions applied based on our experience and industry knowledge with a view to ensure that these are in line with regulatory and accounting requirements. This comprised an assessment of the continuity in the basis for the calculation of provisions for insurance contracts.

adjusters and historical claims data. We focused on the measurement of provisions for insurance contracts, as the accounting estimate is by nature complex and influenced by subjectivity and thus to a large extent associated with estimation uncertainty. Reference is made to the Financial Statements, "Accounting estimates" in note 1 "Accounting policies".	We tested the calculation of provisions for insurance contracts on a sample basis. We assessed whether the disclosures on provisions for insurance contracts were adequate.
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Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Borealis Insurance A/S (captive insurance company)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 7 April 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Jesper Otto Edelbo
State Authorised Public Accountant
mne10901

Company details

Borealis Insurance A/S (captive insurance company)

c/o Gorrissen Federspiel

Axeltorv 2

DK-1609 Copenhagen V

Registration no: 19 32 32 93

Founded: 1996

Registered office: Municipality of Copenhagen

Supervisory Board

Katja Tautscher

Gernot Kriegbaum

Niels Bang

Koen Timmermans

Executive Board

Peter Rienckens, Belgium

Claus Kirk, Denmark

Auditor

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231

Management's Review

Primary activities

Borealis Insurance A/S (captive insurance company) was founded in 1996 as a captive reinsurance company for the Borealis Group and in 1998 the company began to write direct insurance as well.

The Company has license to reinsurance business as well as direct insurance business in the following classes "Property" (insurance class 8), "Marine Cargo" (insurance class 7), "Liability insurance" (insurance class 13), and "Financial losses" (insurance class 16). At the same time, the company is registered in respect of cross-border business in certain EU countries and in Norway.

Development in activities and financial development

In 2021, business involved companies of the Borealis group located in Austria, Belgium, Finland, France, Germany, Italy, Sweden, The Netherlands and USA. The Company's fixing of the premium is made at market prices, based on a general evaluation of the market level made by international insurance consultants.

The Company has maintained the investment activities in conservative investments with a low risk profile, in accordance with the Company's Investment policy.

The profit of KEUR 5,779 is at an acceptable level compared with an expected profit of KEUR 2,000 - 3,000 in 2021.

In 2021 the Company has continued the settlement of a fire damage at a production facility in Sweden. By the end of 2021 the gross loss reserve for this damage is estimated to KEUR 55,411 and the reinsurer's share of the gross loss is KEUR 55,500. Final settlement of the claim is expected to take place in the first half of 2022.

Covid-19 is considered not to have any impact to the insurance business in Borealis Insurance A/S in 2021.

In 2021 the Company has received a capital contribution without consideration of KEUR 25,000 from Borealis AG in order to improve the solvency position of the Company.

The liquidity of the company is satisfactory.

The Solvency Capital Requirement (SCR) is KEUR 60,608 at 31 December 2021 (2020: EUR 44,213), compared to a base capital of KEUR 86,059 (2020: KEUR 57,594). Consequently, the Danish Financial Supervisory authorities' requirement for the solvency margin is observed 1.4 times. The company is using the standard formula in accordance with the Solvency II regulation. The solvency ratio for 2017 – 2021 is specified below:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Solvency ratio	1.4	1.3	1.8	1.8	2.3

The Company expects a profit for 2022 of EUR 2-3 million.

Sensitivity analysis

In accordance with § 126 g of the Danish Financial Business Act, Borealis Insurance A/S (captive insurance company) has prepared a sensitivity analysis as of 31 December 2021. The analysis is published on the company website www.borealisgroup.com/company/investor-relations/regulatory-filings

Reinsurance

The risks of the Company is limited to claims within risk classes to which the company has license. Net risk retentions are limited per loss and in the annual aggregate.

Unusual matters

It is of the opinion of the Company that the annual accounts are not affected by unusual matters, and no material uncertainty is related to the annual accounts or parts hereof.

The Company's salary policy

It is the Company's salary policy only to pay fixed salary, and only to external directors and board members. For a description of the Borealis Group's work in respect of social responsibility, reference is made to the website www.borealisgroup.com.

Events after the balance sheet date

Except for the matter described in Note 0 "Material uncertainty relating to going concern" no events occurred after the balance sheet date that materially affects the financial position of the company.

Risk management

It is the Company's opinion that no particular risks materially affect the Company.

Description

The company is the captive insurance company of the Borealis Group and does not write any third party business. Consequently, the company's risk profile is different from commercial or traditional insurance companies as there is no risk connected to competition, market conditions, reputation risk, strategic risk, business cycle and company size.

Insurance risk

Insurance risks include the acceptance of risks on a direct and reinsurance basis, issuance of policies and claims management. To limit the risk in this area, the company has only accepted risks in accordance with the procedure "Rules for Internal Transactions and Underwriting". Except for the company's net risk retention, the insurance policies issued by the company contain the same conditions as the reinsurance protection.

Policies

The Supervisory Board has determined that the Company must manage its risks in such way that the Company is at all times and under all circumstances able to meet its financial and other obligations to the insureds, i.e. Borealis Group companies.

The Supervisory Board has determined the overall risk strategy through the issuance of various policies and guidelines. The Executive Board is responsible for the implementation of and compliance with the policies and guidelines.

The company's risk management relates to the main area insurance risk.

Objective for the management

The Company uses the Solvency II standard model to calculate the Company's insurance risk and at every supervisory board meeting the Supervisory Board is up-dated about matters that affect the Company's assessment of the solvency capital requirement.

Financial risk

Investment risk represents the risk of losses due to changes in the market value of the company's assets and liabilities as a result of changes in market conditions. Investment risk includes changes in market value of investments, interest rate and currency risks. The Supervisory Board has established the company's Investment Policy in terms of type of investments or assets classes, currencies and limits. The company handles the investment both in relation to the liquidity as well as the long term investments in compliance with the Investment Policy. The investment risks are monitored through an investment portfolio agreement and reporting system.

Objective for the management

The Company's Supervisory Board ensures that the determined investment policy at any time is cautious even though bigger investment returns could be obtained through risky investments.

At each supervisory board meeting the actual returns are reviewed and the Supervisory Board receives continuous information of the Company's investment portfolio. Only professional portfolio administrators are used.

Credit risk

Credit risk is the risk of losses caused by one or more counter-parties' breach of their payment obligations. The company is exposed to credit risk in both its insurance and investment business. In respect of insurance, the company does not place any business with a (re)insurance company with a Standard & Poor (S&P) or equivalent financial strength rating of less than A-, unless specifically approved by the Supervisory Board. To limit the risk in the investment business, the investments are made by granting a loan to the parent company, Borealis AG, and in bonds and shares of high credit rating.

Operational risk

Operational risk is the risk of incurring a loss due to insufficient or faulty procedures or human or systematic errors. Operational risk includes the risk of breakdowns in the IT systems. For all main areas there are established procedures in the Borealis Group.

Board memberships and other assignments for members of the Supervisory Board and Executive Board

Niels Bang:

Advance A/S, Advance Holding ApS, Aktieselskabet af 29. december 2021, Andreas Duckert Holding ApS, BI Management A/S, Danmarks Genopretningsfond A/S (under frivillig likvidation), Experis A/S, Faxe Kalk A/S, FT International ApS, FT af 1. oktober 2000 ApS (under frivillig likvidation), GFJURA 883 A/S, Gorrissen Federspiel Advokatpartnerselskab, Gorrissen Federspiel Komplementar Advokatpartnerselskab, Henning Larsen A/S, Henning Larsens Fond, Holdingselskabet af 8. maj 2002 A/S, Investeringsforeningen BankInvest, Investeringsforeningen BankInvest Engros, Investeringsforeningen BI, J. Duckert Holding A/S, Julie Kierkegaard A/S, Kapitalforeningen BankInvest Select, Kapitalforeningen BankInvest Vælger, Kapitalforeningen BI Private Equity, MJ Service A/S, Offbeat Holding A/S (under frivillig likvidation), Orchestra A/S, PeopleGroup A/S, PeopleGroup Five A/S, RelationsPeople A/S, Tenneco Holdings Danmark ApS, Viniportugal A/S, Walker Danmark ApS, We Love People A/S

Katja Tautscher:

Borouge Pte Ltd, Inspired Entertainment Inc.

Peter Rienckens:

None

Gernot Kriegbaum:

None

Koen Timmermans:

Borealis Chimie Sarl, Borealis Financial Services N.V., Borealis Services SAS, Spaarfonds arbeiders Borealis Antwerpen

Claus Kirk:

RISK MAP ApS, Kirk Invest af 12. december 2016 ApS

Annual account 1 January – 31 December 2021**Income statement and statement of comprehensive income**

	<i>Note</i>	<i>2021</i> <i>EUR'000</i>	<i>2020</i> <i>EUR'000</i>
Gross premiums written	3	25 694	19 426
Reinsurance premiums ceded		(20 793)	(15 339)
Change in gross premium provisions		(1 359)	(358)
Change in reinsurers' share of premium provisions		1 063	877
Total premium income net of reinsurance	4	4 605	4 606
Insurance technical interest	5	(7)	(12)
Gross claims paid	6	(72 958)	(30 051)
Received reinsurance share		56 000	16 000
Change in gross claims provisions		52 889	(104 700)
Change in reinsurers' share of claims provisions		(35 200)	90 700
Change in risk margin		957	(742)
Total cost of claims net of reinsurance	7	1 688	(28 793)
Administrative expenses	8	(331)	(206)
Total operating insurance expenses		(331)	(206)
Insurance technical result		5 955	(24 405)
Interest income and dividends etc.		566	724
Value adjustments	9	378	207
Return on investments, total		944	931
Interest on technical provisions	5	7	12
Investment result after technical interest		951	943
Results before tax		6 906	(23 462)
Tax	10	(1 127)	2 937
Result for the year		5 779	(20 525)
Other comprehensive income		0	0
Total comprehensive income for the year		5 779	(20 525)

Balance sheet

	Note	2021 EUR'000	2020 EUR'000
ASSETS			
Loan to group undertakings		40 000	45 000
Total investments in group undertakings		40 000	45 000
Mutual Funds		10 085	10 085
Bonds		13 197	13 068
Total other financial investment assets		23 282	23 153
Total investment assets		63 282	68 153
Reinsurers' share of premium provisions		8 047	6 984
Reinsurers' share of claims provisions		55 500	90 700
Total reinsurers' share of insurance provisions		63 547	97 684
Premiums receivables		2 544	0
Total receivables		66 091	97 684
Cash at bank		24 830	10 556
Current tax assets		175	407
Deferred tax asset	10	2 314	2 937
Total other assets		27 319	13 900
Interest receivables		28	34
Total accruals and deferred income		28	34
TOTAL ASSETS		156 720	179 771

Borealis Insurance A/S (captive insurance company)

	Note	2021 EUR'000	2020 EUR'000
EQUITY & LIABILITIES			
Share capital		7 092	7 092
Retained earnings		81 281	50 502
Total equity	11	88 373	57 594
Premium provisions		9 821	8 463
Claims provisions		57 661	110 550
Risk Margin		216	1 173
Total technical provisions		67 698	120 186
Liabilities in connection with reinsurance		12	1 009
Other provisions		626	631
Other liabilities		11	351
Total liabilities		649	1 991
TOTAL EQUITY AND LIABILITIES		156 720	179 771

Financial assets and liabilities at fair value	12
Contracts of guarantee and contingent liabilities	13
Insurance technical result distributed on insurance classes	14
Related parties	15

Statement of changes in equity

	Share capital	Retained earnings	Total
2020			
Equity at 1 January 2020	7 092	71 027	78 119
Proposed dividends	0	0	0
Transferred, cf. profit appropriation	0	(20 525)	(20 525)
Equity at 31 December 2020	7 092	50 502	57 594
2021			
Equity at 1 January 2021	7 092	50 502	57 594
Capital contribution	0	25 000	25 000
Proposed dividends	0	0	0
Transferred, cf. profit appropriation	0	5 779	5 779
Equity at 31 December 2021	7 092	81 281	88 373

The company has no “Other total income” (comprehensive income).

Notes

1 Accounting policies

The Annual Report has been prepared in accordance with the Danish Financial Business Act and the Danish Financial Supervisory Authority's Executive order on Financial Reports for Insurance Companies and Lateral Pension Funds.

Changes in applied accounting policies

The accounting principles are consistent with previous year.

Accounting estimates

When preparing the financial statements, estimates and assessments are applied which affect the size of assets and liabilities and therefore the profit/loss in current and future years. The most material estimates concern assessment of the claims provisions.

Foreign currency

The amounts in the Annual Report are denominated in EUR. Entries in foreign currencies are translated to the reporting currency exchange rate. Foreign exchange gains and losses arisen due to the difference between the reporting currency exchange rate and the exchange rate at the balance sheet date are recognized in the Income Statement. Translation to reporting currency exchange rate is done by using the exchange rate at the time of transaction. Receivables, liabilities and other monetary entries in foreign currencies that have not been settled before the balance sheet date are translated by applying the foreign exchange rate at the balance sheet date, 31 December 2021. The difference is recognized in the Income Statement.

Income Statement

Income and expenses are recognized in the Income Statement with the amounts related to the financial year.

Premium income net of reinsurance

Gross premiums written consists of due premiums for the year. Reinsurance premiums ceded consists of the share of gross premiums written for the year which are ceded to other insurance companies as a result of the reinsurance coverage.

Cost of claims net of reinsurance

Gross claims paid appear as paid claims for the year, including addition of internal and external expenses for inspection and assessment of claims and other direct and indirect costs connected to the treatment of occurred damages.

Received reinsurance coverage appear as a share of gross claims paid for the year which are received from other insurance companies as a result of the reinsurance coverage.

Insurance technical interest

Part of total result from financial operations relate to insurance operations and has been transferred to this part of the Income Statement. As the company makes use of the simplified method for calculating premium provisions, the insurance technical interest is calculated according to §36 of the order, and calculated as yield of average premium provisions for the year. The interest rate used is the curves published by EIOPA.

Operating insurance expenses

The operating insurance expenses comprise administrative expenses with deduction of received reinsurance commissions.

Return on investments

The company invests in bonds and investment funds, so the investment income is a combination of interest income and value adjustment.

Tax

Tax on results for the year which comprises current tax and changes in deferred tax is recognized in the Income Statement with the portion of taxes related to the taxable income for the year whereas the portion attributable to entries on equity is recognized directly in equity. The tax is calculated in accordance with the Danish Company Tax regulation § 11A (captive rules). Payable or receivable current tax, respectively, is recognized in the Balance Sheet stated as calculated tax on the taxable income for the year adjusted for tax paid on account.

Investment assets

Investments of the Company are bank deposits, government bonds and mutual fund holdings that have been measured at the closing price at the balance sheet date. Recognition of purchase and sale are made at the trading date.

Reinsurers share of insurance provisions

Reinsurer's share of premium provisions has been calculated as gross provisions. Reinsurers share of claims provisions are null.

Prepayments

Prepayments recognized under assets comprise incurred expenses relating to the following financial year. The prepayments are measured at cost.

Premium provisions

Premium provisions are calculated according to the pro rata temporis method, according to § 69a in the order.

Claims provisions

The claims provisions have in accordance with available information been calculated to be sufficient to cover all claims incurred before the balance sheet date, no matter if they have been notified or not. The claims provisions also include expenses for surveys and assessment of the claims by independent

loss adjusters. As claims are paid shortly after they occur, the claims provisions are in general calculated without consideration of interest (discounting). Gains or losses arising from the claims provisions from previous years are recognized in the income statement.

Risk Margin

Risk margin is such as to ensure that the value of the technical reserves is equivalent to the amount the insurers would be expected to require in order to take over the insurance obligations.

Risk margin is calculated by determining the cost of providing an amount eligible own funds equal to SCR necessary to support these obligations.

Liabilities

Debt is recognized at amortized value.

2 Financial highlights and key figures

Financial highlights

	2021	2020	2019	2018	2017
Gross premium income	24 335	19 068	17 271	16 664	16 672
Premium income net of reinsurance	4 605	4 606	6 214	6 592	6 478
Gross claims	(20 069)	(135 493)	(3 739)	(5 063)	5 770
Operating insurance expenses	(331)	(206)	(192)	(259)	(166)
Profit or loss of reinsurance	1 070	92 239	(11 057)	(10 072)	(10 194)
Insurance technical result	5 955	(24 405)	2 276	1 261	12 078
Return on investments after insurance technical interest	951	943	1 023	521	1 325
Result of the year	5 779	(20 525)	2 571	1 382	10 448
Run-off results	(20 041)	0	(118)	(2 660)	5 779
Total technical provisions	67 698	120 186	14 386	11 129	9 537
Insurance assets	63 547	97 684	6 107	3 571	3 621
Total equity	88 373	57 594	78 119	75 548	74 166
Total assets	156 720	179 771	94 260	86 958	83 872

Key figures

	2021	2020	2019	2018	2017
Gross claims ratio	82.47	710.62	21.65	30.38	(34.61)
Gross expense ratio	1.36	1.08	1.11	1.55	0.99
Combined ratio	79.43	227.93	86.78	92.38	62.01
Operating ratio	79.48	228.10	86.85	92.46	62.05
Relative run-off results	(16.67)	0.00	(2.48)	(88.67)	51.60
Return on equity in per cent	8.16	(30.25)	3.35	1.85	15.15

Claims ratio: *(Gross claims incurred / Premium income)*100*

Expense ratio: *(Total operating insurance expenses/total premium income) *100*

Combined ratio: *(Claims ratio + Expense ratio + Net reinsurance ratio)*

Operating ratio: *(Combined ratio where allocated return on investments is added to the premium income)*

Relative run off results: *(Run off results compared to claims provisions as at 1 January)*

Return on equity: *(Results for the year/the average equity)*100*

3 Gross premiums written

	2021	2020
Premium PDBI	19 909	14 496
Premium liability	5 527	4 680
Premium Cargo	258	250
Total gross premiums	25 694	19 426

Geographical division of gross premiums written

	2021	2020
Denmark	0	0
Other EU-countries	25 513	19 287
Other countries (USA)	181	139
Total	25 694	19 426

4 Premium income net of reinsurance

	2021	2020
Premium PDBI	4 366	4 317
Premium liability	239	289
Premium Cargo	0	0
Premiums earned at own account, total	4 605	4 606

5 Insurance technical interest

	2021	2020
Insurance technical interest is calculated as -0.61% of the average balance of net premium provisions in 2021		
Insurance technical interest -0.61% (2020 : -0.53%)	(7)	(12)
Insurance technical interest	(7)	(12)

6 Gross claims paid

	2021	2020
Claims paid PDBI	(72 930)	(30 050)
Claims paid liability	(28)	(1)
Claims paid Cargo	0	0
Gross claims paid	(72 958)	(30 051)
Number of claims	2	1
Average gross claims for damage	(20 069)	(134 700)
Claims rate	0	0

7 Cost of claims net of reinsurance

	2021	2020
Claims incurred PDBI at own account	703	(28 050)
Claims incurred liability at own account	28	(1)
Claims incurred Cargo at own account	0	0
	731	(28 051)
Change in risk margin	957	(742)
Cost of claims at own account	1 688	(28 793)

Run-off result

	2021	2020
Run-off, gross	(20 041)	0
Run-off, net	670	0

8 Administrative expenses

	2021	2020
PricewaterhouseCoopers	15	32
Total	15	32
Other services	13	0
Total	13	0

Staff costs:

The company had no employees in the financial year, except from the directors, no remunerations has been paid to the Supervisory Board and Executive Board.

9 Value adjustments

	2021	2020
Realised and unrealised profits and losses on bonds and mutual funds	378	207
Currency adjustments	0	0
Value adjustments	378	207

10 Taxes

	2021	2020
Tax for the year	(504)	0
Prior years adjustment tax	0	0
Change in deferred tax	(623)	2 937
	(1 127)	2 937

Tax on the result for the year specified as follow:

Calculated 2021; 16% (2020; 13%) tax of the result before tax.	(1 127)	2 937
	(1 127)	2 937
Effective tax rate	16%	13%

The company has recognized a deferred tax asset of KEUR 2,937 in 2020. It is expected that the company within the next 4 years or less can use the deferred tax asset to set off against the expected positive taxable income.

11 Equity

The share capital consists of 52,795 shares of DKK 1,000 each. The shares are not divided into classes. The share capital has been unchanged during the last five years.

12. Financial assets and liabilities at fair value

Financial assets and liabilities are measured in the balance sheet at fair value or amortized cost. Fair value is the price received per sale of an asset or the payable to transfer liability through a normal transaction between market participants at the time of measurement.

In the calculation of fair value, value categories consisting of three levels are used:

Level 1: Quoted prices in an active market for identical assets

Level 2: Valuation model primarily based on observable market data

Level 3: Valuation model based largely on unobservable market data.

Securities recognised under current assets comprise listed bonds measured at fair value (quoted price at closing) at the balance sheet date. Bonds are recognized using the trading date as date of recognition.

31.12.2021	Fair value	Quoted Prices Level 1	Observable Prices Level 2	Unobservable Prices Level 3
Assets				
Loan to group undertakings	40 000	0	0	40 000
Mutual funds	10 085	10 085	0	0
Bonds	13 197	13 197	0	0
Cash at bank	24 830	0	24 830	0
	88 112	23 282	24 830	40 000

31.12.2020	Fair value	Quoted Prices Level 1	Observable Prices Level 2	Unobservable Prices Level 3
Assets				
Loan to group undertakings	45 000	0	0	45 000
Mutual funds	10 085	10 085	0	0
Bonds	13 068	13 068	0	0
Cash at bank	10 556	0	10 556	0
	78 709	23 153	10 556	45 000

Liabilities

No liabilities

13 Contracts of guarantee and contingent liabilities

The company does not have any contracts of guarantee and contingent liabilities.

14 Insurance technical result distributed by insurance classes

	PDBI		CARGO		LIABILITY	
	2021	2020	2021	2020	2021	2020
Gross premiums written	19 909	14 496	258	250	5 527	4 680
Gross premium income	18 904	14 642	256	250	5 175	4 175
Gross claims incurred	(20 041)	(134 750)	0	0	(28)	(1)
Change in risk margin	957	(742)	0	0	0	0
Gross operating expenses	(256)	(153)	(3)	(3)	(72)	(50)
Result of reinsurance business ceded	6 262	96 375	(256)	(250)	(4 936)	(3 886)
Insurance technical interest at own account	(7)	(12)	0	0	0	0
Insurance technical result	5 819	(24 640)	(3)	(3)	139	238

15 Related parties

Transactions between related parties and Borealis Insurance A/S (captive insurance company) in 2021:

1. Loans granted at arm's length
2. Interest for this is paid at arm's length.

The Company insures companies in the Borealis group and related joint venture companies. The fixing of premiums takes place at arm's length. According to permission from the Danish Financial Supervisory Authorities (Finanstilsynet), The Company grants a loan to the parent company, Borealis AG.

The loan carries interest calculated according to EURIBOR interest rate and the loan amounted to EUR 40 million as at 31 December 2021.

The following shareholders are registered in the company's register of shareholders as being the owners of minimum 5% of the voting rights or minimum 5% of the share capital:

- Borealis AG, Trabrennstrasse 6-8, 1020 Vienna, Austria

The Company is a subsidiary of Borealis AG and OMV AG (ultimate parent) and is consolidated in the Borealis Group's and OMV Group's Annual Reports. Consolidated financial statements are obtainable at Borealis AG and OMV AG, Trabrennstraße 6-8, 1020 Wien, Austria.