

Danske Invest Management A/S

Parallelvej 17
2800 Kgs. Lyngby, Denmark

Company reg. (CVR) no. 12 52 25 76

FT no. 17.110

Annual report 2022

The annual report was presented and adopted by the shareholders
at the Company's annual general meeting on

21 April 2023

Chair of the meeting

A handwritten signature in blue ink, appearing to read "Per Jørgensen".

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Management's Report

Main activity and events in 2022

The Company's main activity is the management of UCITS and AIF investment funds domiciled in Denmark and Luxembourg. The various managed funds consist of sub-funds and legal corporate structures (in the following referred to as "funds"). The Company's primary field of funds are marketed towards retail and institutional investors. The Company's source of income is fees from the managed funds based on a fee structure agreed in advance.

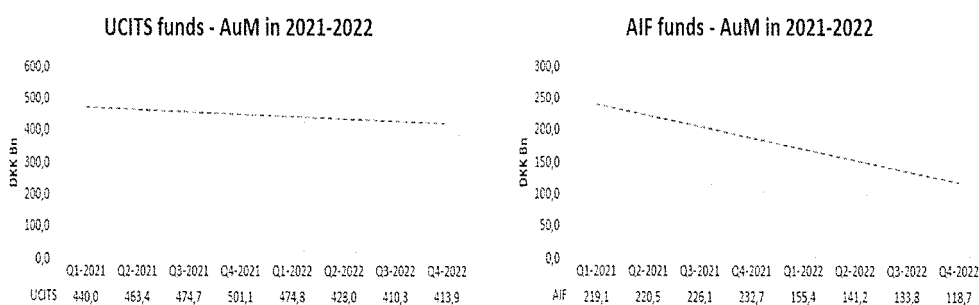
Breakdown of the Company's assets and number of managed funds in the 2021-2022 period:

	Year-end 2022			Year-end 2021		
	Assets under management in DKKbn	# of Fund structures	# of Sub-Funds	Assets under management in DKKbn	# of Fund structures	# of Sub-Funds
Danske Invest DK UCITS	270	4	122	334	4	114
Danske Invest LU UCITS	144	2	73	167	2	71
Danske Invest DK multipurpose AIF funds	82	2	43	199	2	43
Other Danish AIF's including AIF-SIKAV	14	10	12	7	10	10
Other Non Danish AIF's	23	2	9	27	2	10
Total Danske Invest	533	20	259	734	20	248

Performance in 2022

The last 12 months have been quite challenging. Assets under Management (AuM) has been negatively impacted by huge changes in the macroeconomic environment with negative financial markets on both equities and fixed income. The market development was a.o. impacted by higher inflation and the war in Ukraine. This has led to a drop in AuM on both UCITS and AIF funds. UCITS funds were down DKK 87 billion or 17.4% compared year on year. AIF funds were down DKK 1.14 billion - close to -50% compared to last year. Apart from the negative impact from the market development, our AIF funds were also impacted by planned redemptions of DKK 77 billion caused by a strategic change, where selected customers prefer a discretionary agreement without fund wrapping. The financial consequences of the change are limited. Neither the negative market development or the strategic change leading to significant redemptions was anticipated in the financial outlook made in 2021 for accounting year 2022.

The figures illustrate the development in assets under management over the last 8 quarters.



UCITS - Undertakings for Collective Investment in Transferable Securities Directive.

AIF - Alternative Investment Funds.

Management's Report, continued

Results of operations for 2022

DKKm	Full year 2022	Full year 2021	Change 2022-21	Index 2022-21
Operational and administration fees	585.0	602.4	-17.3	97
Fees paid for custody and central adminis	-262.2	-299.2	36.9	88
Rebating fund-of-funds	-17.6	0.0	-17.6	n.a.
Other fees	20.9	19.8	1.1	106
Fees and Commissions (net)	326.1	323.0	3.1	101
Financial items	-3.3	12.9	-16.2	n.a.
Net income	322.8	335.8	-13.0	96
Staff and administrative expenses	-129.5	-113.9	-15.6	114
Profit before tax	193.3	222.0	-28.6	87
Tax	-44.8	-50.0	5.2	90
Profit after tax	148.5	172.0	-23.4	86
<u>Assets under Management (average)</u>				
- UCITS/Retail funds	424,100	435,200	-11,100	97
- AIF funds	155,400	232,600	-77,200	67
= Total	579,500	667,800	-88,300	87

In 2022, the profit after tax amounted to DKK 148.5 million compared to DKK 172.1 million in 2021. The lower net profit of DKK 23.6 million was driven by lower net income of DKK 13.3 million, higher staff and administrative expenses of DKK 15.6 million and partly off-set by lower tax of DKK 5.2 million.

The lower net income came primarily from financial items (net interest and value adjustments of holdings), where we in 2022 have seen an income reduction of DKK 16.3 million. In 2021 we had a one-off income on 16.4 million from the selling of FundConnect. Fees and commission (net) were up DKK 3 million compared to last year despite a decline in average AuM of 13%. Operational and administration fees developed in accordance with AuM on UCITS funds and were down 3%, but savings on paid fees to custody and central administration more than off set the lower income from Operational and administration fees. Part of the lower expenses were due to the decline in AuM, but we also saw an effect of less paid fees to various serviceproviders.

With effect from July 2022 the Company agreed with Danske Bank, Asset Management to take part into paying rebates to fund-of-funds. Prior to this agreement Danske Bank, Asset Management financed the rebate 100%. The level of fund-of-funds have increased recently, which have led to the agreement between Danske Bank, Asset Management and the Company to split the payment. Danske Bank, Asset Management rebates the management fees and the Company rebates the operational and administration fee. This change impacted net fees and commission with DKK -17.6 million in 2022. Other fees include administration fees from institutional clients and AIF funds. The large drop in institutional AIF funds has not a significant impact on fees due to low margins.

Staff and administrative expenses were up DKK 15.6 million compared to last year. The relatively steep rise in costs were a.o. due to higher payments to Danske Bank of DKK 8.4 million. Part of the rise were due to VAT payment on services delivered from Danske Bank Group. In 2021 these services were not subject to VAT. The remaining cost rise of DKK 7.2 million was caused by higher staff costs and increased market data costs.

Management's Report, continued

Management

The Board of Directors represents the main stakeholders from Danske Bank and from the main Danske Invest funds managed by the Company. Vice Chairman Søren Hvidkjær (Investorforum) left the Board and was replaced by Nina Riisgaard Lauritsen as representatives from the investors. Lars Eigen Møller was appointed new Vice Chairperson of the Board. Natascha Bernstorff Knudsen was elected as representative from Danske Bank replacing Line Munkholm Haukrogh. The Board of Directors now consists of Lars Alstrup, Lars Eigen Møller, Bo Holse, Jan Stig Rasmussen, Nina Riisgaard Lauritsen and Natascha Bernstorff Knudsen.

The Executive Management consisted of Robert Bruun Mikkelsen, Managing Director, and Morten Rasten, Executive Director, throughout the period.

Risks and uncertainties

The managed funds' contributions to the Company's earnings are calculated as a percentage of each individual subfund's market value. The Company's earnings are thus dependent on the managed funds' market value, which are dependent on issues, redemptions, dividends and developments in the financial markets. A DKK 10 billion decline in average AuM would have an adverse effect on earnings of approx. DKK 6.5 million, when we look one year ahead. In 2022 we saw a flat development in net fees despite a substantial AuM decline of 13%. The UCITS funds declined only 3%. Changes on agreement terms on custody and central administration were the main reasons behind the savings on these type of expenses.

Outlook for 2023

For 2023, Danske Invest Management expects a profit after tax of DKK 130-135 million. However, the financial performance will continue to depend on developments in the financial markets.

Events after the balance sheet date

No events have occurred from the balance sheet date until signing of the annual report.

Remuneration of the Board of Directors and the Executive Management

Remuneration of the Board of Directors and the Executive Management in 2022 was based on a fixed payment structure and can be seen at Danske Invest's web page: danskeinvest.dk.

The Board of Directors and the Executive Management will in 2023 still be remunerated on a fixed fee basis.

The Company's remuneration policy reflects its goals of having a well-regulated governance process as well as sustained and long-term value creation for the shareholder. The policy further ensures that the Company can attract, develop and retain high-performing and motivated employees in a competitive market, where sustainability are integrated in all aspects of the work we do. Furthermore that there is a coherence between the best interests of the shareholder, the funds managed by the Company and the investors and the employees. The policy also focuses on ensuring sound and effective risk management.

Management's Report, continued

Corporate Social Responsibility

Danske Invest Management A/S follows Danske Bank Group's sustainability policy including gender distribution in the management. Information regarding the Group's sustainability policies can be found in Danske Bank's Group Financial Statement for 2022 <https://danskebank.com/da/news-og-insights/nyhedsarkiv/press-releases/2023/pm02022023>.

Sustainable Finance Disclosure Regulation

The Company and the funds under management are subject to SFDR as financial market participants. The product level precontractual and periodic reporting is included in the fund's reports. The Company's policies for compliance with Articles 3 to 5 can be found here: https://www.danskeinvest.dk/page/ansvarlige_investeringer_indblik

Data ethics

The Company follows the Danske Bank Group's data ethics principles as defined in the governing documents described in the Danske Bank Group's Financial Statements for 2022. The information is available at <https://danskebank.com/investor-relations>. In 2023, the Company will continue to integrate the principles into its governance and operational framework.

Knowledge resources

The Company's activity places considerable demands on business processes and knowledge resources. To continue to be a provider of high-quality services, the Company must be able to attract and retain employees possessing the required knowledge and experience.

Management's Report, continued

Directorships

Board of Directors:

Lars Alstrup, Chairperson

Head of Advisory Banking, Danske Bank A/S

Chairperson of the board of directors of

- E-nettet A/S

Board member of:

- P27 Nordic Payments Platform AB

Lars Eigen Møller, Vice Chairperson

Executive Vice President, Asset Management, Danske Bank A/S

Chairperson of the board of directors of:

- Danske Private Equity A/S

Board member of:

- Danske Invest PCC

Nina Riisgaard Lauritsen

Attorney-at-Law, Partner at Capital Law CPH

Chairperson of the board of directors of:

- Pluto markets Invest A/S
- Danske Invest AIF-SIKAV
- The Many AIFM A/S

Member of the board of directors of:

- CS&Co Management P/S

Bo Holse

Attorney-at-Law (HC),

Gorrissen Federspiel Advokatpartnerselskab

Chairperson of the board of directors of:

- Ejendomsselskabet af 1/1 1995 A/S
- Callie Invest A/S
- DK Kapital A/S
- Familien Andresens selskab til fremme af medicinsk forskning A/S

Management's Report, continued

Member of the board of directors of:

- Investeringsforeningen Danske Invest
- Investeringsforeningen Danske Invest Select
- Investeringsforeningen Danske Invest Index
- Investeringsforeningen Profil Invest
- Kapitalforeningen Danske Invest Institutional
- AP Invest Kapitalforening
- DCH International A/S
- Premium Pork International A/S
- Svend Andresens Familiefond

Jan Stig Rasmussen

Independent Director

Chairperson of the board of directors of:

- Merchant Equity Fund-of-Funds K/S
- Merchant Equity Fund-of-Funds Komplementar ApS
- Merchant Equity Infrastructure II A/S
- Merchant Equity Infrastructure III A/S
- Merchant Equity Infrastructure IV A/S
- Merchant Equity Large Cap Europe GP ApS
- Merchant Equity Large Cap Europe IV ApS
- Merchant Equity Large Cap Europe K/S
- Merchant Equity Large Cap Europe V GP ApS
- Merchant Equity Large Cap Europe V K/S
- Merchant Equity Large Cap Europe VI A/S
- Merchant Equity Large Cap VII A/S
- Merchant Equity Large Cap VIII A/S
- Merchant Equity Large Cap IX A/S
- Merchant Equity Large Cap X A/S
- Private Wealth Properties A/S
- Nykredit Alpha SICAV RAIF
- Danske Invest Allocation (SICAV)
- Danske Invest SICAV-SIF
- Danske Invest SICAV

Board member of:

- Lyrical Value Funds (Lux) (SICAV)
- InvestIn SICAV RAIF
- J. Safra Sarasin Investmentfonds AG
- Whitecroft Core Bank Risk Sharing Fund S.A., SICAV-FIAR
- J. Safra Sarasin Fund Management (Luxembourg) S.A.
- UBS (Lux) Real Estate Funds Selection (SICAV)
- UBS Global Living Fund SICAV-RAIF
- Private Equity (Lux) Evergreen Secondary Fund (SICAV)

Deputy chair of the Parish Council of:

- Den Danske Kirke i Luxembourg (asbl)

Management's Report, continued

Natascha Bernstorff Knudsen

Head of Regulatory Traction and Oversight

Board member of:

- Danske Invest Management A/S

Executive Management:

Robert Bruun Mikkelstrup

Managing Director

Chairperson of the Board of Directors of:

- The Danish Investment Association

Board member of:

- Danske Invest Asset Management AS, Norway (alternate)

Morten Rasten

Executive Director

Chairperson of the board of directors of:

- Danske Invest Asset Management AS
- Danske Invest Fund Management Ltd.

Board member of:

- Danske Invest Allocation
- Danske Invest SICAV
- Danske Invest SICAV-SIF

Income statement

1 January to 31 December

DKK'000

Note	2022	2021	
2	Net fees and commissions income	326,077	323,099
3, 4	Staff costs and administrative expenses	-129,473	-113,861
	Profit/loss before net financials	196,604	209,238
5	Financial expenses	-2,252	-3,227
6	Value adjustments	-1,134	16,095
	Profit/loss before tax	193,218	222,105
7	Tax	-44,766	-50,017
	Profit/loss for the period	148,452	172,088
Total Income			
	Profit for the year	148,452	172,088
	Other comprehensive income	0	0
	Comprehensive income for the period	148,452	172,088
Proposed appropriation of profit/loss			
	Dividend proposed for the financial year	148,452	172,088
	Retained earnings	0	0
	Total amount appropriated	148,452	172,088

Balance sheet

DKK'000

Note		31.12.2022	31.12.2021
	ASSETS		
	Intangible assets		
8	Goodwill	<u>21,163</u>	<u>21,163</u>
	Total intangible assets	<u>21,163</u>	<u>21,163</u>
	Tangible assets		
9	Land and buildings	<u>1,014</u>	<u>3,446</u>
	Total tangible assets	<u>1,014</u>	<u>3,446</u>
	Non-current assets	<u>22,177</u>	<u>24,609</u>
	Receivables		
	Receivables from sub-funds in administrative sub-funds	422,266	448,577
	Current tax assets	179	6,394
7	Deferred tax assets	138	114
	Other receivables	<u>5,294</u>	<u>3,152</u>
	Total receivables	<u>427,877</u>	<u>458,237</u>
	Investments		
	Bonds at fair value	205,034	212,856
	Shares, etc.	<u>136</u>	<u>104</u>
	Total investments	<u>205,170</u>	<u>212,960</u>
10	Cash and cash equivalents	<u>155,164</u>	<u>199,039</u>
	Current assets	<u>788,211</u>	<u>870,236</u>
	Total assets	<u><u>810,388</u></u>	<u><u>894,845</u></u>

Balance sheet

DKK'000

Note		31.12.2022	31.12.2021
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	120,000	120,000
	Share premium	70,404	70,404
	Other reserves	5,364	6,605
	Retained earnings	52,322	51,095
	Proposed dividend	148,452	172,089
11	Total equity	<u>396,542</u>	<u>420,193</u>
	Liabilities		
	Other payables	<u>413,846</u>	<u>474,652</u>
	Total liabilities	<u>413,846</u>	<u>474,652</u>
	Total equity and liabilities	<u><u>810,388</u></u>	<u><u>894,845</u></u>

- 1 Accounting policies
- 12 Collateral security and contingent liabilities
- 13 Related party transactions
- 14 Financial risks
- 15 Financial highlights

Statement of change in equity

DKK'000	2022	2021
Share capital at 1 January	120,000	120,000
Share capital at 31 December	120,000	120,000
Share premium account at 1 January	70,404	70,404
Share premium account at 31 December	70,404	70,404
Other reserves at 1 January	6,618	7,937
Retained as per appropriation of profit/loss	-1,227	-1,319
Other reserves at 31 December	5,391	6,618
Foreign currency translation reserve at 1 Jan.	-13	-11
Decrease during the year	-14	-2
Foreign currency translation reserve at 31 Dec.	-27	-13
Retained earnings at 1 January	51,095	49,776
Depreciation of Other reserves	1,227	1,319
Retained earnings at 31 December	52,322	51,095
Proposed dividend at 1 January	172,089	200,000
Dividends distributed	-172,089	-200,000
Retained as per appropriation of profit/loss	148,452	172,089
Proposed dividend at 31 December	148,452	172,089
Total Equity	396,542	420,193
Equity at 1 January	420,192	448,106
Profit for the year	148,452	172,088
Change in currency translation reserve	-14	-2
Dividends distributed	-172,089	-200,000
Equity at 31 December	396,541	420,192

Notes

1 Accounting policies

The annual report of Danske Invest Management A/S for 2022 is presented in accordance with Danish Financial Business Act with the related Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

The accounting policies applied in the preparation of the annual report are consistent with those of last year.

The annual report is presented in DKK.

Translation of foreign currency

Assets and liabilities in foreign currencies are translated into Danish kroner on the basis of the rates of exchange published by Danmarks Nationalbank at the balance sheet date. Income and expenses denominated in foreign currency are translated into Danish kroner using the exchange rates prevailing at the time of transaction.

Recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All costs are also recognised, including amortisation, depreciation and impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits will accrue to the Company, and the value of the asset can be measured reliably.

The buying and selling of bonds and shares is recognised at the transaction date.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Principles for transactions between group entities

Transactions between companies in the Danske Bank Group are settled on an arm's length or on a cost reimbursement basis and according to contractual agreement between the undertakings, unless the transactions are insignificant.

Fees and commissions

Fees and commissions receivable comprise management fees and administration fees from the UCITS funds managed. Also included are management fees and administration fees in which the Company acts as AIFM.

The Company's income comprise administration fee from the funds. The administration fee is set to cover the Company's administration cost and to cover the direct fund related administration costs, which the Company pays on behalf of the funds.

The Company takes part into paying rebates to fund-of-funds for the administration fee. The rebate payments are set off against the fee income.

Notes

Fees and commissions payable comprise payments for portfolio advisory and portfolio management services and distribution, custodial costs, direct fund related administration costs, etc.

To ensure a clearly coherence between the Company's income, direct fund related administration cost and the Company's administrative costs, we present the direct fund related administration cost under "Fees and commission expenses" as the income is dependent of the direct fund related administration cost. The Company's administrative expenses are presented under "Staff costs and administrative expenses".

The direct fund related administration costs comprise administrative services like NAV-calculations, fund accounting, subscription/redemption flow and AGM related costs, BoD costs and audit costs in the funds.

Fees not settled are estimated based on average AuM or based on last settlement.

Staff costs and administrative expenses

The items includes salaries and other remuneration that the Company expects to pay for work carried out during the year. These include salaries, bonus, pension costs, holiday allowance and financial services employer tax, etc. The item also includes costs incurred during the year for marketing activities, board of directors, office premises, IT and other costs associated with the Company's operations.

Financial expenses

Financial expenses consist of interest paid on bank loans and the interest component of corporation tax.

Value adjustments

Realised and unrealised gains and losses on assets are recognised in the income statement.

Realised capital gains and losses on bonds and shares are calculated as the difference between fair value at the date of sale and fair value at the beginning of the year or, for assets acquired during the financial year, fair value at the date of acquisition. Unrealised capital gains and losses are calculated as the difference between fair value at the balance sheet date and fair value at the beginning of the year or, for assets acquired during the financial year, fair value at the date of acquisition.

Tax

Calculated current and deferred tax on the profit for the year and adjustments of tax charges for previous years are recognised in the income statement.

Deferred tax

Deferred tax on all temporary differences between the tax base of assets and liabilities and their carrying amounts is accounted for in accordance with the balance sheet liability method. Deferred tax is recognised in the balance sheet under "Deferred tax assets" or "Provisions for deferred tax". Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Goodwill

Any added value in the form of goodwill relative to the net asset value of the underlying business is not amortised but assessed at the end of each reporting period and written down in case of impairment. Goodwill is recognised in the balance sheet under intangible assets. Negative goodwill is recognised in the income statement.

Notes

Land and buildings

The Company recognises a right-of-use asset and a lease liability at the commencement date, for all lease agreements, that the Company has entered into except short-term leases of low value and leases with a term of 12 months or less. On initial recognition of a lease, the Company recognises a lease liability at the present value of future lease payments using the Companies rate and right-of-use asset. Subsequently, the lease liability is adjusted for accrued interest and lease payments and corrected to reflect any modifications and remeasurement. The right-of-use asset is initially measured at cost, corresponding to the lease liability with addition of any lease payments made before the commencement date and any direct costs incurred. Subsequently, the asst is measured at cost less accumulated depreciation and any impairment losses and is depreciated on a straight-line basis over the lease term.

Lease liabilities are recognised in other liabilities.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. Provision is made for bad debts at the net realisable value.

The disclosures for write-downs of receivables is not included as the Company has no risk on receivables as it is receivables from the funds.

Investments

Purchase and sale of financial instruments are recognized on the trading day and the recognition ceases when the right to receive/surrender cash flows from the financial asset or liability has expired or if transferred, and the institution has in all material respects transferred all risks and returns associated with the property right.

Bonds are measured at fair value. The fair value of listed bonds is determined as the closing price at the balance sheet date, or in the absence of a closing price, at another official price deemed to be most similar thereto. If such price does not reflect an instrument's fair value for reasons of a lack of or insufficient trading in the period prior to the balance sheet date, the fair value is determined using a valuation technique, the purpose of which is to determine a transaction price of a trade made between independent parties on ordinary, commercial considerations at the date of measurement. Bonds drawn are measured at present value, which is defined as par and discounted using an individual assessment.

Unlisted shares are measured at fair value using generally recognised methods.

Foreign currency translation reserve

Assets and liabilities at units outside Denmark are translated into DKK at the applicable exchange rate at the balance sheet date. Income and expenses are translated at the applicable exchange rate at the translation date. Gains and losses are recognized in the foreign currency translation reserve in equity.

Other reserves

Other reserves relates to a tax reserve in respect of the branch in Luxembourg.

Liabilities

Liabilities are measured at amortised cost, which usually corresponds to the nominal value.

Notes

DKK'000	2022	2021
2 Fees and commissions (net income)		
Investment funds (UCITS)	291,971	277,547
Other entities in which the Company acts as AIFM	34,106	45,552
Total	326,077	323,099

Of the variable amounts, payments to the custodian/depositary/investment manager/distributor Danske Bank A/S amount to TDKK 2,248.182 against TDKK 2,418.035 in 2021. The funds are primarily domiciled in Denmark and Luxembourg.

3 Staff costs and administrative expenses		
Staff costs	58,778	54,491
Administrative expenses	70,695	59,370
Total	129,473	113,861

Staff costs:

Salaries	44,298	43,114
Pension	5,526	5,288
Other expenses for financial services employer tax and social security costs	8,954	6,089
Total	58,778	54,491

Variable payments hereof	751	501
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The Company employed an average of 53 full-time staff in 2022.

Remuneration of Executive Management and Board of Directors

Executive Management	4,976	4,718
Board of Directors	475	625
Total	5,451	5,343

Executive Management members	2	2
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Board of Directors

Fixed remuneration	475	625
Variable remuneration	0	0
Total amount earned	475	625

Number of board members	6	6
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Individual remuneration of the Executive Management and the Board of Directors can be found on Danske Invest Management A/S' website, danskeinvest.dk.

Members of the Board of Directors employed by Danske Bank A/S do not receive remuneration from the Company.

Remuneration of other material risk takers

In 2022, Danske Invest Management A/S paid remuneration totalling TDKK 10,330 for 10 material risk takers other than the Executive Management and the Board of Directors (2021: TDKK 12,756 for 13 material risk takers). The remuneration consists of a fixed remuneration of TDKK 10,004 and a variable remuneration of TDKK 326 (2021: TDKK 12,510 and TDKK 246).

Notes

DKK'000	2022	2021
4 Audit fee		
Fees for statutory audit	183	166
Other assurance engagements	0	0
Tax advisory services	0	0
Other services	5	0
Total fees	188	166
5 Financial expenses		
Other interest expenses	-2,252	-3,227
Total	-2,252	-3,227
6 Value adjustments		
Value adjustment of bonds	-1,124	-351
Value adjustments of shares	-10	16,446
Total	-1,134	16,095
7 Tax		
Tax charged on the profit for the year	32,829	38,994
Adjustment of deferred tax	-3	7
Prior-year tax adjustments	-873	-753
Tax related to branch in Luxembourg	12,813	11,769
Total	44,766	50,017
Reconciliation of tax expense for the year:		
22.0% of profit/loss before tax for the year	31,372	38,743
22.0% of permanent deviations and interest premium	1,454	258
Tax related to branch in Luxembourg	12,813	11,769
Prior-year tax adjustments	-873	-753
Tax expense for the year	44,766	50,017
Deferred tax asset at year-end relates to:		
Property, plant and equipment	-31	-36
Prepayments and costs payable, etc.	-107	-78
Total	-138	-114

Notes

DKK'000	2022	2021
8 Goodwill		
Goodwill at 1 January	21,163	21,163
Additions during the year	0	0
Disposals during the year	0	0
Goodwill at 31 December	21,163	21,163
9 Land and buildings		
Cost at 1 January	8,617	5,171
Additions during the year	0	3,446
Disposals during the year	0	0
Cost at 31 December	8,617	8,617
Depreciation at 1 January	-5,171	-2,756
Depreciation during the year	-2,432	-2,415
Depreciation at 31 December	-7,603	-5,171
Leases at 31 December	1,014	3,446
10 Cash		
Demand deposits with credit institution	153,654	199,039
Maturity below 3 months	0	0
Maturity between 3-12 months	0	0
Maturity between 1-5 years	0	0
Maturity above 5 years	1,510	0
Total	155,164	199,039
11 Equity		
Equity	396,542	420,193
Deferred tax assets	-138	-114
Proposed dividend	-148,452	-172,088
Tier 1 capital	247,952	247,991
Capital base (less goodwill)	226,789	226,828

The Company is a wholly owned subsidiary of Danske Bank A/S, Copenhagen. The Company's share capital, which is not divided into share classes, is divided into 1,200,000 shares of DKK 100 each.

Within the past five years, the share capital was raised by TDKK 2,000 in 2019.

Notes

12 Collateral security and contingent liabilities

The Company is jointly taxed with all entities in the Danske Bank Group and are jointly and severally liable for their Danish income tax, withholding tax, etc. The Company is registered jointly with all major Danish subsidiaries of the Danske Bank Group for financial services employer tax and VAT, for which it is jointly and severally liable.

The Company has rent commitments towards its parent company totalling TDKK 911, against TDKK 745 last year.

The Company's Branch in Luxembourg has a commitment of 6 months rent representing DKK 3.1 million. In addition 1.5 million has been placed on a bank account as guarantee for future rent commitments.

13 Related party transactions

The Company has had the following transactions with Danske Bank Group.

Related party transactions are settled on an arm's-length basis or on a cost-reimbursement basis and according to contractual agreement between the undertakings, unless the transactions are insignificant.

Payment for the administrative platform provided by Danske Bank A/S. The platform and the services provided comprise daily calculations of the net asset value on Danske Invest funds, preparation of financial statements for the individual Danske Invest funds, reporting, monitoring of investment restrictions and the like.

	<u>2022</u>	<u>2021</u>
Internal costs from Group functions	133,957	136,859
Part of net fees, cf. note 2	2,248,182	2,418,034
Interest on bank deposits and bonds	-2,408	-3,144
Bank deposits, year-end	158,078	199,038
Bond portfolio, year-end	68,190	69,800

14 Financial and non financial risks

The Company is exposed to both financial and non-financial risks. The Company has implemented a comprehensive governance and risk management framework for management and control of the risks. The overall risk management principles are established in Risk Management Policy, supplemented by Policies on the individual significant risk areas.

The financial risks in the Company relate to indirect market risk as the fee structure in the Company is significantly dependent on the level of AuM related to funds under management. The indirect market risk is difficult to mitigate and therefore, the risk is fully covered by the individual solvency need.

Market risks related to the Company's own funds are assessed immaterial, as significant proportion of the Company's own funds is placed in short term- and highly rated bonds. The Investment instruction from the Board of Directors sets a duration limit of max. 2 years.

The risks related to liquidity and capital revolve around ensuring sufficient funding, liquidity and/or capital to maintain the Company's ability to pursue business strategy and fulfil its payment obligations. The liquidity risk is assessed to be very low. Stress tests show that even serious events do not have a significant impact on the Company's liquidity.

Notes

The Company is to a very limited extent exposed to credit risk, through its investments of the Company's own funds in fixed income instruments. Own funds can only be invested in short term Danish government bonds or Danish mortgage bonds, where credit risk is assessed very low.

The Company is furthermore exposed to wide range of non-financial risks, both related to own activities and activities performed on behalf of the funds under management. The Company's overall principles for management of the non-financial risks and the Board of Director thresholds are established in Non-Financial Risk Policy.

ESG-, Sustainability- and Sustainable Finance Compliance Risks

Sustainability factors might impact different risks in both the Company and the funds, including financial and non-financial risks. The Company has been working the last years on integration of the ESG-, Sustainability- and Sustainable Finance Compliance Risk (compliance risks relating to sustainability-related regulations, including the Sustainable Finance Disclosure Regulation, Taxonomy regulation, regulation related to Sustainability risk, general marketing and communication of sustainability related matters, etc.) in the risk management framework

The developments in risks profile and adherence to the established by the Board of Directors thresholds are on quarterly basis monitored and reported by Risk Management Function to the Board of Directors.

The Board of Directors regularly and at least annually evaluates the Company's risks, solvency requirement and capital coverage, most recently at the board meeting held on 8 December 2022. All significant risks in the Company are covered by the individual solvency need, apart from strategic risks which is managed through risk mitigating measures.

15 Financial highlights

DKK mill	2022	2021	2020	2019	2018
Fees and commissions (net) 1)	326.077	323.099	248.155	336.613	322.512
Staff costs and administrative expenses	129.473	113.860	118.524	190.014	178.669
Profit before net financials	196.604	209.239	129.631	146.599	143.843
Profit for the year after tax	148.452	172.089	94.859	107.058	106.919
Equity capital	396.542	420.193	448.106	459.886	280.424
Total assets	810.388	894.845	844.359	841.750	538.436
Key figures:					
Total capital ratio	153.2	157.5	113.4	237.1	200.2
Return on equity before tax	47.3	51.2	27.2	37.3	37.8
Return on equity after tax	36.4	39.6	20.9	28.9	29.3
Average number of full time employees	52	52	48	25	21
Number of funds under management	20	20	18	18	16
Number of sub-funds under management	259	248	243	258	189
Assets under Management in DKK Bn.	533	733	627	616	462

Fees and commissions (net) and staff costs and administrative expenses have for the years 2021 and 2020 been adjusted for the change in accounting principles mentioned in the 2021 annual report. The years 2018-19 have not been adjusted accordingly.

Statement by the Management

The Board of Directors and the Executive Board (The management) have discussed and approved the annual report of Danske Invest Management A/S for the financial year 2022.

The annual report is presented in accordance with the provisions of the Danish Financial Business Act with the related Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

In our opinion, the financial statement gives a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations for financial year 2022. Moreover, in our opinion, the Management's review includes a fair review of developments in the Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Company.

We recommend that the annual report be approved at the annual general meeting.

Kgs. Lyngby, 23 February 2023

Executive Management

Robert Bruun Mikkelsen
Managing Director

Morten Rasten
Executive Director

Board of Directors

Lars Alstrup
Chairperson

Bo Holte

Nina Riisgaard Lauritsen

Lars Eigen Møller
Vice Chairperson

Jan Stig Rasmussen

Natascha Bernstorff Knudsen

Independent auditor's report

To the shareholder of Danske Invest Management A/S

Opinion

We have audited the financial statements of Danske Invest Management A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies.

The financial statements are prepared in accordance with the Danish Financial Business Act with the related Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022-31.12.2022 in accordance with the Danish Financial Business Act with the related Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report, continued

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 conducted 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 Entity'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 in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Independent auditor's report, continued

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the 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 the management's review and, in doing so, consider whether the 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, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the 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 of the management's review.

Copenhagen, 23. February 2023.

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No (CVR) 33963556

Jakob Lindberg
State-Authorised Public Accountant
MNE-no. 40824

Lica Lyngsø Nielsen
State-Authorised Public Accountant
MNE-no.: 47801

Supplementary information

Contacts at Danske Invest Management A/S

Robert Bruun Mikkelstrup, Managing Director
Morten Rasten, Executive Director

Visiting address

Danske Invest Management A/S
Parallelvej 17
DK-2800 Kgs. Lyngby
Tel. + 45 33 33 71 71
CVR) no. 12 52 25 76

Relevant links

www.danskeinvest.dk