



Mercer Pensionsrådgivning A/S

Teknikerbyen 1, 2.
2830 Virum Søllerød
CVR No. 26292107

Annual report 2020

The Annual General Meeting adopted the
annual report on 28.06.2021

Cilla Katarina Nygård

Chairman of the General Meeting

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Entity details

Entity

Mercer Pensionsrådgivning A/S

Teknikerbyen 1, 2.

2830 Virum Søllerød

CVR No.: 26292107

Registered office: Rudersdal

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Cilla Katarina Nygård, Chairman

Thomas N. Geraghty

Henrik Larsen

Executive Board

Dorothee Carolin Gnädinger, Managing director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Mercer Pensionsrådgivning A/S for the financial year 01.01.2020 - 31.12.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Virum, 28.06.2021

Executive Board

Dorothee Carolin Gnädinger

Managing director

Board of Directors

Cilla Katarina Nygård

Chairman

Thomas N. Geraghty

Henrik Larsen

Independent auditor's report

To the shareholders of Mercer Pensionsrådgivning A/S

Opinion

We have audited the financial statements of Mercer Pensionsrådgivning A/S for the financial year 01.01.2020 - 31.12.2020, 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 Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

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 Statements 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.

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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary 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 commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 28.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Tim Kjær-Hansen

State Authorised Public Accountant

Identification No (MNE) mne23295

Management commentary

Primary activities

The Company's business is to carry on insurance brokerage and other activities directly related thereto.

Description of material changes in activities and finances

The income statement for 2020 shows a profit of DKK 13,986,515 against a profit of DKK 12,633,083 last year, and the balance sheet at 31 December 2020 shows equity of DKK 19,769,018.

For the year ended December 31, 2020, the COVID-19 pandemic had an adverse impact on the Company's revenue growth, primarily in our businesses that are discretionary in nature, which was partly mitigated through disciplined expense management by implementing restrictions on travel and other cost containment measures. The ongoing impacts of COVID-19 may affect our ability to generate new business, our overall level of profitability and cash flow, and our liquidity due to a number of macroeconomic and operational factors. Such factors may include:

- a reduction in fees or commission due to lower demand for our services as clients cut back on expenses;
- the impact on our business model for delivering services to clients due to restrictions on travel and movement, and guidance around social distancing;
- the impact on profitability and margin of not achieving or maintaining adequate utilization and pricing rates;
- the timeliness and ultimate collectability of our receivables, which affects our ability to generate sufficient cash flows;

The extent to which the COVID-19 outbreak continues to impact our business, results of operations and financial condition will depend on future developments, which remain highly uncertain and are difficult to predict, including the duration and spread of the outbreak, its severity and strain mutations, the actions to contain the virus and the development and availability of effective treatments and vaccines, and how quickly and to what extent normal economic and operating conditions can resume.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		43,125,836	40,603,663
Staff costs	1	(25,048,291)	(23,996,214)
Depreciation, amortisation and impairment losses		(1,230,875)	(12,999)
Operating profit/loss		16,846,670	16,594,450
Other financial expenses	2	(280,272)	(299,712)
Profit/loss before tax		16,566,398	16,294,738
Tax on profit/loss for the year	3	(2,579,883)	(3,661,655)
Profit/loss for the year		13,986,515	12,633,083
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		12,800,000	12,500,000
Retained earnings		1,186,515	133,083
Proposed distribution of profit and loss		13,986,515	12,633,083

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	5	1,883,005	0
Development projects in progress	5	0	2,892,375
Intangible assets	4	1,883,005	2,892,375
Other fixtures and fittings, tools and equipment		34,086	40,360
Property, plant and equipment	6	34,086	40,360
Fixed assets		1,917,091	2,932,735
Trade receivables		547,812	1,164,562
Contract work in progress		5,801,654	3,269,329
Receivables from group enterprises		843,482	1,707,246
Deferred tax		0	25,903
Other receivables		3,559,801	3,284,132
Prepayments		75,278	83,243
Receivables		10,828,027	9,534,415
Cash		29,253,442	25,172,717
Current assets		40,081,469	34,707,132
Assets		41,998,560	37,639,867

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		502,000	502,000
Reserve for development expenditure		1,468,744	2,256,052
Retained earnings		4,998,274	3,024,451
Proposed dividend		12,800,000	12,500,000
Equity		19,769,018	18,282,503
Deferred tax		391,261	0
Provisions		391,261	0
Other payables		1,825,247	581,229
Non-current liabilities other than provisions	7	1,825,247	581,229
Prepayments received from customers		4,486,690	4,138,821
Trade payables		193,249	779,095
Payables to group enterprises		3,875,171	2,851,366
Income tax payable		3,313,133	3,652,921
Other payables		8,144,791	7,353,932
Current liabilities other than provisions		20,013,034	18,776,135
Liabilities other than provisions		21,838,281	19,357,364
Equity and liabilities		41,998,560	37,639,867
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Assets charged and collateral	10		
Group relations	11		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	502,000	2,256,052	3,024,451	12,500,000	18,282,503
Ordinary dividend paid	0	0	0	(12,500,000)	(12,500,000)
Transfer to reserves	0	(787,308)	787,308	0	0
Profit/loss for the year	0	0	1,186,515	12,800,000	13,986,515
Equity end of year	502,000	1,468,744	4,998,274	12,800,000	19,769,018

Notes

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	18,182,987	16,722,425
Pension costs	2,084,100	2,068,946
Other social security costs	2,841,957	2,760,204
Other staff costs	1,939,247	2,444,639
	25,048,291	23,996,214
Average number of full-time employees	24	24

2 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	160,580	174,945
Other financial expenses	119,692	124,767
	280,272	299,712

3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	3,313,133	3,652,921
Change in deferred tax	417,164	8,734
Adjustment concerning previous years	(1,150,414)	0
	2,579,883	3,661,655

4 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	0	2,892,375
Transfers	2,892,375	(2,892,375)
Additions	188,906	0
Cost end of year	3,081,281	0
Amortisation for the year	(1,198,276)	0
Amortisation and impairment losses end of year	(1,198,276)	0
Carrying amount end of year	1,883,005	0

5 Development projects

Completed development projects relate to software development completed in 2020.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	2,290,895
Cost end of year	2,290,895
Depreciation and impairment losses beginning of year	(2,250,535)
Depreciation for the year	(6,274)
Depreciation and impairment losses end of year	(2,256,809)
Carrying amount end of year	34,086

7 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

8 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	2,794,404	4,007,487

9 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Marsh A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, Marsh A/S and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

10 Assets charged and collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

11 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Marsh & McLennan Companies, Inc., 1166 Avenue of the Americas, New York, USA.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Intangible assets**

Intangible assets comprise development projects completed.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. The amortisation periods used are 3 years.

Intangible assets are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.