IVALIFE Insurance Limited
(Formerly IVALIFE Limited)

Annual Report and Financial Statements 2021

Company Registration Number: C94404

Contents

Directors' Report

For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements of IVALIFE Insurance Limited ("the Company") for the year ended 31 December 2021.

Board of directors

The directors of the Company who held office during the year were:

Michael Gatt (Chairman)
Kevin Valenzia (appointed 13 January 2021)
Tassos Anastasiou (appointed 13 January 2021)
Marcel Cassar
Julian Mamo
Joseph Said

Principal activities

The Company is authorised to carry on long-term business of insurance in terms of the Insurance Business Act (Chapter 403 of the Laws of Malta) and is regulated by the Malta Financial Services Authority. The principal activity of the Company is to carry on and transact long-term business of insurance Class I (Life and Annuity) and Class III (Linked Long-Term) in and from Malta.

Business review

The Company was granted regulatory approval to transact long term business of insurance on the 01 February 2021 and commenced operations 01 March 2021. The results of the year reflect an insurance operational activity covering ten months. The Company started its operations in a challenging environment with the restrictions of the pandemic. Nevertheless, the insurance portfolio of IVALIFE showed steady expansion, which is an indicator that IVALIFE has started to gain customers' trust.

The product offerings for the year under review included the IVAsecure level term, IVAprotect decreasing term, IVAsave with profits regular premium savings plan, IVAinvest with profits single premium savings plan and Group protection.

The Company reported a loss after tax for the year ended 31 December 2021 of €0.99m compared to a prior year period loss of €0.6m in line with expectations. This first year's primary focus was creating brand awareness, onboarding distributors as well as recruit the appropriate expertise to enhance further the management structures for an operational setup.

The gross premium written for the financial year amounted to €5.2m, €4.3m of which were single premium and the €0.9m comprised individual and group, protection and regular savings plans. The claims incurred, net of reinsurance amounted to €50k. The reported loss on the technical account amounted to €1.5m.

The insurance market has until 1 January 2023 to converge towards the new framework outlined in IFRS 17 Insurance Contracts which would require the derecognition of the value of in-force business in the financial statements. The Company did not recognize any value of in-force business in these financial statements as it would not be compliant with IFRS 4 Insurance Contracts' initial recognition criteria applicable for companies incorporated on or after 1 January 2005. If recognized, the value of in-force business would represent the present value of future profits on the active life portfolio which can be a significant component of a life insurance undertaking's financial position and performance. The inability to recognise a value of in force business asset meant the deferment of profitability to future years. Consequently, the Company's balance sheet does not include an intangible asset representing the present value of future profits to shareholders on the active portfolio.

The total assets increased by €10.5m, from €1.1m at end of year 2020 to €11.7m as at end of current reporting year. The increase includes the impact of the call made by the Company's Board of Directors to all the shareholders for the payment of the unpaid 80% subscriptions totaling €6m. The gross technical provisions as at year end, including both insurance contracts and investment contracts with discretionary participation features totaled €4.9m. The Company's shareholder' funds at the close of 2021 amounted to €5.9m compared to €0.9m at the end of the prior period.

IVALIFE has halfway during the year commenced its investment activity with the appointment of two Discretionary Portfolio Managers managing both Company's own funds and premium received. The investment strategy of IVALIFE is to hold a diversified range of quality assets including Equities, Bonds (corporate high yield, corporate investment grade and sovereign investment grade) and Cash. This asset diversification, the investment management process and the expertise of the appointed discretionary portfolio managers, positions the Company to capture opportunities in investment markets.

Directors' Report (continued)

The net investment return on the life fund totaled €71k equivalent to an annualised return of 1.75% on total investments.

This being the first year of investment activity, the Board of Directors agreed to waive the annual management fees chargeable to both the IVAinvest and IVAsave. The declared annual bonus rate on investment contracts with discretionary participation features for the year ended 2021 was 1.50%. Past performance is no guarantee for the future. Fair value movements and investment returns impinge directly on the rates of bonuses declared by the Company.

The Company opted for the standard formula under the Solvency II regime as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile. Based on management calculations to date, the Company is sufficiently capitalised and was compliant at all times with the regulatory capital requirements as stipulated by the MFSA which are in line with the Solvency II requirements.

Future developments

The Company will continue to focus on growing within the domestic market, leveraging on accelerating its digital roll out, ready to provide fully digitalised services to customers and distributors alike. The 2021 accomplishment is a testament to our commitment to listen to, and act on people's needs. Looking forward, we plan to maintain this momentum by further expanding our digital offering. In March 2022, we announced a new collaboration which will allow us to achieve these milestones. During the course of the year ahead, the Company is committed to add the individual and occupational retirement plans to its existing product suite, whilst enhancing further its current protection and long-term savings plans to meet customers' evolving needs.

As a result, the Directors, following a review of the Company's forthcoming medium term growth plans held discussions with the Company's shareholders and the Board has taken a decision to proceed with raising additional capital before the end of 2022.

Risks and uncertainties

The Company's principal risks and uncertainties are disclosed in Note 4 Critical accounting estimates and judgements, Note 5 Management of insurance and financial risk and Note 17 Insurance and investment contracts with DPF liabilities and reinsurance assets.

The Company is exposed to financial risk through its financial assets, insurance liabilities and reinsurance assets. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts, which can be driven by changes in the market value of assets or through changes to expectations on future yields, particularly as a result of prolonged uncertainty due to the ongoing Covid-19 pandemic and the more current Russian Ukraine conflict.

In light of the global outbreak of Covid-19, the Company keeps closely monitoring developments and the potential impact on the Company's ability to meet its insurance liabilities. The Company is actively monitoring developments, identifying potential risks, designing and implementing risk mitigation actions to ensure business continuity, limit damages and safeguard its solvency. Covid-19 may also have a longer term impact on mortality risk which is as yet undetermined or on lapses. Changes to assumptions can materially impact the Company's profit and solvency ratio.

The Russian – Ukraine conflict that started on the 24 of February 2022 has magnified uncertainty in all economic sectors including financial services and insurance. The Company is actively monitoring the developments and assessing the impact of the sanctions currently being imposed. IVALIFE has an insignificant level of exposure to Russian policyholders or asset exposures to Russia/Ukraine and thus we don't expect any direct impact on our business performance. Nonetheless, the conflict itself created instability within the international financial market which could have an indirect impact on the value of the Company's underlying investments. Furthermore, the Maltese economy has limited dependency on Russian investors and we therefore do not anticipate any material deterioration in the broader business environment in which IVALIFE operates.

Dividends

The Company did not pay any dividend to shareholders during 2021 and the directors do not recommend the payment of a final dividend.

Directors' Report (continued)

Statement of directors' responsibilities

The directors are required by the Maltese Insurance Business Act, (Chapter 403, Laws of Malta) and the Maltese Companies Act, (Chapter 386, Laws of Malta) to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss for that year.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of financial statements that are free from material misstatement, whether due to fraud or error and that comply with the Maltese Companies Act, (Chapter 386, Laws of Malta). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of IVALIFE Insurance Limited for the year ended 31 December 2021 are included in the Annual Report 2021, which is published in hard-copy printed form and is available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Approved by the Board of Directors on 7 April 2022 and signed on its behalf by:

Marcel Cassar	**Julian Mamo**
Director	Director

Registered Office

Gaba Building, Level 2

Naxxar Road

Iklin IKL 9026

Malta

Independent auditor's report

To the Shareholders of IVALIFE Insurance Limited (formerly IVALIFE Limited)

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of IVALIFE Insurance Limited (the Company) as at 31 December 2021, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

IVALIFE Insurance Limited's financial statements, set out on pages 14 to 50, comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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.

Independent auditor's report - *continued*

To the Shareholders of IVALIFE Insurance Limited (formerly IVALIFE Limited)

Independence

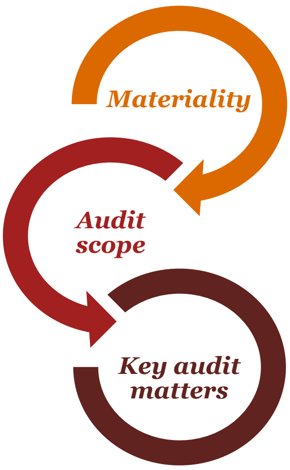
We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the company, in the period from 1 January 2021 to 31 December 2021, are disclosed in note 10 to the financial statements.

Our audit approach

Overview



Overall materiality: €51K, which represents approximately 1% of gross premiums written.

Measurement of the life insurance contract liabilities

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	€51K
How we determined it	Approximately 1% of gross premiums written
Rationale for the materiality benchmark applied	We chose gross premiums written as reflected in the statement of profit or loss as the benchmark because, in our view, it is a key financial statement metric used in assessing the performance of the company and is not as volatile as other profit and loss measures. We selected 1% based on our professional judgement, noting that it is also within the range of commonly accepted revenue-related thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €2.5K as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 of the current period. 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.

Key audit matter	How our audit addressed the Key audit matter
Measurement of the life insurance contract liabilities Management's calculation of the life insurance contract liabilities involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can result in material impacts to the valuation of these items. We focused on this area due to the materiality and subjectivity of the judgements made. Economic (reserving interest rate) and non-economic (mortality and expenses associated with servicing policies) assumptions, are the key inputs to which the carrying amounts of these long-term liabilities are highly sensitive. Changes to assumptions can materially impact the Company's estimates of these liabilities. Future estimation uncertainty is heightened as a result of the fact that the Company is in its initial period of operation, and is therefore yet to collate historical data, and the ongoing COVID-19 pandemic. Relevant references in the financial statements are: • Significant accounting policies: Note 3.1 • Critical accounting estimates and judgements: Note 4.1; and • Note on insurance and investment contracts with DPF liabilities and reinsurance assets: Note 17.	Our audit procedures addressing the valuation and measurement of the company's life insurance contract liabilities included the following procedures using our actuarial expert team members: • we tested the accuracy of the underlying data utilised for the purposes of measurement by reference to its source; • we applied our industry knowledge and experience in comparing the methodology, models and assumptions used to recognised actuarial practices; and • we understood and evaluated the control environment in respect of the valuation and assumption setting processes, and we assessed management's key judgements throughout the processes. In respect of the assumptions underlying the measurement of life insurance contract liabilities, we performed the following procedures using our actuarial expert team members: • we assessed the economic assumptions for investment mix and projected investment returns by reference to company specific and market observable data; • we considered the appropriateness of the mortality assumptions by reference to its source; and • we tested the future expense assumption by understanding and challenging the basis on which expenses are projected, and by reference to market observable data (inflation rate).

Independent auditor's report *- continued*

To the Shareholders of IVALIFE Insurance Limited (formerly IVALIFE Limited)

Key audit matter	How our audit addressed the Key audit matter
	In respect of all the assumptions referred to above, we have reviewed management's approach to setting the assumptions, assessed the assumptions' appropriateness based on internal and external data (where available), and tested management's governance and controls over the assumptions review process, including over the application of expert judgement. We also reviewed the modelled results by recalculating the liability for a sample of policies. Furthermore, we assessed the appropriateness of disclosures within the financial statements, including reference to related uncertainties brought about by the fact that the Company is in its initial period of operation, and is therefore yet to collate historical data, and the ongoing COVID-19 pandemic, and sensitivity analysis around the key assumptions. Based on the work performed we found the valuation of the life insurance contract liabilities to be consistent with the explanations and evidence obtained.

Independent auditor's report - continued

To the Shareholders of IVALIFE Insurance Limited (formerly IVALIFE Limited)

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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 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.

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, 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 the directors.
- Conclude on the appropriateness of the directors' 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 achieves fair presentation.

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.

Independent auditor's report - *continued*

To the Shareholders of IVALIFE Insurance Limited (formerly IVALIFE Limited)

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2021* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Report and Financial Statements 2021* and the related Directors' responsibilities	**Our responsibilities**	**Our reporting**
Directors' report (on pages 1 to 3) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Area of the *Annual Report and Financial Statements 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Independent auditor's report *- continued*

To the Shareholders of IVALIFE Insurance Limited (formerly IVALIFE Limited)

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company on 22 October 2020. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 2 years.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Simon Flynn
Partner

7 April 2022

Statement of Financial Position as at 31 December 2021

	Notes	**2021** €	2020 €
Assets			
Tangible assets			
– Leasehold improvements	13	**862**	1,149
– Plant and equipment	13	**30,212**	23,702
– Right-of-use assets	15	**7,288**	74,555
Intangible assets	14	**1,549,596**	616,410
Financial investments:			
– Equities	16	**496,030**	–
– Debt securities	16	**1,990,063**	–
– Collective investment schemes	16	**5,595,721**	–
Reinsurance assets	17	**316,261**	–
Deferred taxation	21	**534,399**	–
Insurance and other receivables	18	**911,246**	33,776
Cash at bank	19	**196,410**	390,002
Total assets		**11,628,088**	1,139,594
Liabilities			
Lease liabilities	15	**–**	68,842
Insurance liabilities:	17		
– Claims outstanding		**222,355**	–
– Insurance Contracts		**394,723**	–
Investment Contracts with DPF	17	**4,470,376**	–
Insurance and other payables	20	**642,373**	180,037
Total liabilities		**5,729,827**	248,879
Net assets		**5,898,261**	890,715
Shareholders' equity			
Share capital	24	**7,500,000**	1,500,000
Retained earnings		**(1,601,739)**	(609,285)
Total shareholders' equity		**5,898,261**	890,715

The notes on pages 19 to 50 are an integral part of these financial statements. The financial statements on pages 14 to 50 were approved and authorised for issue by the Board of Directors on 7 April 2022 and signed on its behalf by:

Marcel Cassar
Director

Julian Mamo
Director

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021

	Notes	2021 €	Period from 24 December 2019 to 2020 €
Technical Statement			
Earned premiums, net of reinsurance			
Gross premiums written	6	**5,214,310**	–
Outward reinsurance premiums		**(163,431)**	–
Net earned premium		**5,050,879**	–
Other technical income	7	**2,989**	–
		5,053,868	–
Claims incurred and benefits accrued, net of reinsurance			
Change in provision for claims:			
– Gross amount	17	**(222,355)**	–
– Reinsurers' share	17	**172,355**	–
		(50,000)	–
Change in technical provisions, net of reinsurance			
Long term business:			
– Gross amount	17	**(394,723)**	–
– Reinsurers' share	17	**70,476**	–
Investment contracts with DPF – net	17	**(4,470,376)**	–
		(4,794,623)	–
Net operating expenses			
Net investment management charges	8	**29,843**	–
Acquisition costs	9	**(1,086,569)**	–
Administrative expenses	10	**(620,345)**	–
Balance on the Technical Statement		**(1,467,826)**	–

The notes on pages 19 to 50 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021 - *continued*

	Notes	**2021**	Period from 24 December 2019 to 2020
		€	€
Non-Technical Statement			
Balance on the Technical Statement		**(1,467,826)**	—
Administrative Expenses	10	**(68,927)**	(609,285)
Net Investment income	8	**9,900**	—
Loss before tax		**(1,526,853)**	(609,285)
Tax expense	12	**534,399**	—
Loss for the year/period – Total Comprehensive Income		**(992,454)**	(609,285)

The notes on pages 19 to 50 are an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 December 2021

	Note	*Share capital*	*Retained earnings*	*Total equity*
		€	**€**	**€**
Balance at the beginning of the period		–	–	–
Comprehensive income for the period				
Loss for the period		–	(609,285)	(609,285)
Total comprehensive income for the period		–	(609,285)	(609,285)
Transactions with owners, recorded directly in equity				
Issue of share capital – total transactions with owners	24	1,500,000	–	–
Balance at 31 December 2020		1,500,000	(609,285)	890,715
Balance at 1 January 2021		**1,500,000**	**(609,285)**	**890,715**
Comprehensive income for the year				
Loss for the year		**–**	**(992,454)**	**(992,454)**
Total comprehensive income for the year		**–**	**(992,454)**	**(992,454)**
Transactions with owners, recorded directly in equity				
Issue of share capital – total transactions with owners	24	**6,000,000**	**–**	**6,000,000**
Balance at 31 December 2021		**7,500,000**	**(1,601,739)**	**5,898,261**

The notes on pages 19 to 50 are an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 December 2021

	Notes	2021	Period from 24 December 2019 to 2020
		€	€
Cash flows from operating activities			
Cash generated from/ (used in) operating activities	23	**2,463,850**	(444,136)
Tax paid		**—**	—
Net cash from/ (used in) operating activities		**2,463,850**	(444,136)
Cash flows from investing activities			
Acquisition of tangible assets	13	**(17,212)**	(31,752)
Acquisition of intangible assets	14	**(571,624)**	(616,410)
Acquisition of investments (net of disposals)		**(8,050,376)**	—
Net cash used in investing activities		**(8,639,212)**	(648,162)
Cash flows from financing activities			
Proceeds from issue of share capital	24	**6,000,000**	1,500,000
Payment of lease liabilities		**(18,230)**	(17,700)
Net cash from/ (used in) financing activities		**5,981,770**	(1,482,300)
Net (decrease)/ increase in cash and cash equivalents		**(193,592)**	390,002
Cash and cash equivalents at 1 January		**390,002**	—
Cash and cash equivalents at 31 December	19	**196,410**	390,002

The notes on pages 19 to 50 are an integral part of these financial statements.

Notes to the Financial Statements

1 Reporting entity

IVALIFE Insurance Limited (also referred to as the "Company") is a limited liability Company incorporated and domiciled in Malta with registration number C94404. The Company was incorporated on 24 December 2019 as Vitae Life Limited and later changed its name to IVALIFE Limited. In January 2021, the Company's corporate name was changed from IVALIFE Limited to IVALIFE Insurance Limited. The comparative period runs from incorporation to 31 December 2020.

On 1 February 2021, the Malta Financial Services Authority (MFSA) granted regulatory approval to the Company to carry on business of insurance under the Insurance Business Act (Cap. 403). Under the said regulatory approval, the Company is licensed to provide long-term insurance business in relation to Class I - Life and Annuity and Class III - Linked Long-Term.

The Company commenced operations on 1 March 2021.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. All references in these financial statements to IAS, IFRSs or SIC/IFRIC interpretations refer to those adopted by the EU. They have also been drawn up in accordance with the provisions of the Companies Act, (Chapter 386, Laws of Malta).

The balance sheet is organised in increasing order of liquidity, with additional disclosures on the current or non-current nature of the Company's assets and liabilities provided within the notes to the financial statements.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except for the financial instruments which are measured at fair value through profit or loss.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). These financial statements are presented in Euro, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any further periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 4.

2.5 Standards, interpretations and amendments to published standards effective in 2021

In 2021, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2021. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies and financial statements.

Notes to the Financial Statements

2 Basis of preparation - *continued*

2.6 New standards, interpretations and amendments to published standards not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these financial statements. The Company is considering the implications of the below standard on the Company's financial results and position, and the timing of its adoption, taking cognisance of the endorsement process by the European Commission.

Minor amendments to IFRSs

The IASB has published a number of minor amendments to IFRSs which are effective after 1 January 2021, some of which have been endorsed for use in the EU. The company expects they will have an insignificant effect, when adopted, on the financial statements of the company. The company has not early adopted any of the amendments effective after 31 December 2021.

Major new IFRSs

IFRS 17 "Insurance contracts", published on May 18, 2017, and amended on June 25, 2020, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 "Insurance contracts".

IFRS 17 was adopted by the European Union on November 19, 2021, with an exemption regarding the annual cohort requirement and will be applied for annual periods starting from January 1, 2023, with earlier application permitted. The current standard on insurance contracts, IFRS 4, has been amended accordingly, extending to 2023 the temporary exemption for qualifying insurers to apply IFRS 9.

IFRS 17 applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts: (i) embedded derivatives, if they meet certain specified criteria, (ii) distinct investment components, and (iii) distinct performance obligations to provide non-insurance goods and services. These components should be accounted for separately in accordance with the related standards.

IFSR 17 defines the level of aggregation to be used for measuring the insurance contract liabilities and the related profitability.

IFRS 17 introduces the "annual cohort requirement" that prevents contracts issued more than one year apart from being included in the same group.

However, the Standard as adopted by the European Union provides an optional exemption from applying this annual cohort requirement. This exemption will be reviewed by the end of 2027, taking into account the outcome of the IASB's post-implementation review of IFRS 17.

IFRS 17 requires a current measurement model, where the general model is based on the following "building blocks":

- the fulfilment cash flows (FCF), which comprise:
- probability-weighted estimates of future cash flows,
- an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
- and a risk adjustment for non-financial risk;
- the Contractual Service Margin (CSM).

The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

The Variable Fee Approach (VFA) is a mandatory model for measuring contracts with direct participation features.

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less.

In terms of presentation, the amounts recognized in the statements of financial performance must be disaggregated into:

- an insurance service result, comprising insurance revenue (corresponding to the insurance service provided over the period) and insurance service expenses (i.e., incurred claims and other incurred insurance service expense); and

Notes to the Financial Statements

2 Basis of preparation - continued

2.6 New standards, interpretations and amendments to published standards not yet adopted - *continued*

- insurance finance income or expenses.

The standard must be applied retrospectively unless impracticable, in which case two options are possible:

- either the modified retrospective approach: based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications of requirements are applied to the extent their full retrospective application is not possible, but still with the objective to achieve the closest outcome to retrospective application possible; or
- the fair value approach: the CSM is determined as the positive difference between the fair value determined in accordance with IFRS 13 and the fulfilment cash flows (any negative difference would be recognized in retained earnings at the transition date).

The Company does not intend to early adopt IFRS 17.

The implementation of IFRS 17 and the assessment of its potential impact on the Company's Financial Statements are in progress. However, as some material judgements are still under consideration, a reasonable estimate of the financial impacts cannot be provided at this stage.

The targeted outcomes of the Company's IFRS 17 implementation programme are:

- compliance with IFRS 17 requirements;
- an optimised business model for an IFRS 17 environment; and
- a fit-for-purpose Finance and Actuarial operating model and control framework.

3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements ae set out below.

3.1 Insurance and investment contracts

3.1.1 Classification

The Company issues contracts that transfer insurance risk and/or financial risk.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Also refer to note 3.1.2.

Investment contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional bonuses:

– that are likely to be a significant portion of the total contractual benefits;

– whose amount or timing is contractually at the discretion of the Company; and

– that are contractually based on investment returns on a specified pool of assets held by the Company.

Board policy and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based and within which the Company may exercise its discretion as to the amount and timing of their payment to contract holders. At least 90% of the eligible investment return must be attributed to contract holders as a group while the amount and timing of the distribution to individual contract holders is at the discretion of the Company, subject to the advice of the Approved Actuary.

Notes to the Financial Statements

3 Significant accounting policies - *continued*

3.1 Insurance and investment contracts - *continued*

3.1.2 Recognition and measurement of contracts

A liability for contract benefits that is expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined by a discounted cash flow approach incorporating margins for adverse deviations in the assumptions. The liability is based on assumptions as to mortality, maintenance expenses and investment income.

The liabilities are recalculated by the Company at each reporting date using the assumptions established at the measurement date.

Insurance contracts

Group insurance contracts insure human life events and are renewable annually. Individual insurance contracts are for a minimum duration of 5 years and these contracts insure human life events over a long duration. Premiums are accounted for on a receivable basis, in which case, insurance premiums are recognised in profit or loss and simultaneously within liabilities.

Death benefits are recorded as an expense when they are incurred.

Investment contracts with DPF

Savings with-profit contracts contain a DPF that entitles the holders to a credit of bonus declared by the Company from the DPF investment income (i.e. all interest and, realised and unrealised gains and losses arising from assets backing these contracts) accumulated to date. The Company has an obligation to eventually pay to contract holders up to 90% of the DPF eligible investment return. Any portion of this investment return that is not declared as a bonus and credited to the individual contract holders is reserved as a liability for the benefit of all contract holders until declared and credited to them individually in future periods.

Where the resulting liability is lower than the sum of the amortised cost of the guaranteed element of the contract and the intrinsic value of the surrender option embedded in the contract, it is adjusted and any shortfall is recognised immediately in the income statement.

Reinsurance

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts as described above are classified as reinsurance contracts held.

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Outward reinsurance premiums are accounted for in profit or loss on an accruals basis.

Premiums ceded and benefits reimbursed are presented in the primary statements on a gross basis. The company is only exposed to credit risk in this respect, and assets and liabilities are therefore not set off.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognised in the same year as the related claim.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist principally of longer term receivables (classified as reinsurance assets) that are dependent on expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Notes to the Financial Statements

3 Significant accounting policies - *continued*

3.1 Insurance and investment contracts - *continued*

3.1.2 Recognition and measurement of contract - *continued*

Reinsurance - continued

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost stipulated in IAS 39. The impairment loss is calculated using an incurred loss approach since these assets are within the scope of IFRS 4 and not IFRS 9. These processes are described in note 3.9.

Liability adequacy test

Contract liabilities are tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability. Where a shortfall is identified, an additional provision is made and the Company recognises the deficiency in profit or loss for the year.

Receivables and payables related to insurance contracts and investment contracts with DPF

Receivables and payables are recognised when due. These include amounts due to and from tied insurance intermediaries, agents, brokers and insurance contract holders which primarily comprise insurance receivables. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that insurance receivables are impaired using the same process adopted for reinsurance assets. The impairment loss is calculated under the same method as described in note 3.9 since premium receivables arise from insurance contracts and fall within the scope of IFRS 4 and not IFRS 9.

3.2 Revenue

3.2.1 Insurance and investment contracts with DPF

The accounting policy in relation to revenue from insurance and investment contracts with DPF is disclosed in note 3.1.

3.2.2 Fees and commission income

Fees and commission income includes fees on investment management services contracts and are recognised in profit or loss as the services are provided.

The Company charges its customers for investment management and other related services using the following different approaches:

- Front-end fees are charged to the client on inception. This approach is used particularly for single and regular premium contracts; and
- Regular fees are charged to the customer periodically (monthly, quarterly or annually) directly.

Fees, commission and customer charges other than front end fees vary depending on the net asset value of the assets. The income is calculated periodically as a percentage of these amounts and cannot be clawed back. These fees are therefore recognised in profit or loss when the fees are charged to the net asset value of the assets.

Surrender charges and policy administration charges are recognised in profit or loss when the service is provided.

3.2.3 Investment income

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date the Company's right to receive payment is established which, in the case of quoted securities is usually the ex-dividend date.

Policyholders' fund financial income and expenses are accounted for through the Technical Statement, while shareholders' fund financial income and expenses are accounted for through the non-Technical Statement of Profit or Loss.

Notes to the Financial Statements

3 Significant accounting policies – *continued*

3.3 Tax

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.4 Foreign currency transactions

Transactions in foreign currencies are translated to the Company’s functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling at that date. Foreign currency gains and losses arising on retranslation are recognised in profit or loss.

Translation differences on financial assets and liabilities held at fair value through profit or loss are reported as part of the fair value gain or loss.

3.5 Leases

<u>Company as a lessee</u>

Under IFRS 16, Leases, a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for period of time in exchange for consideration. IFRS 16 requires lessees to recognise a right-of-use asset representing its right to use the underlying assets and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured on a present value basis at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct and restoration costs incurred less any lease incentive received (if any).

The lease liability is initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company’s lease arrangement, the Company’s incremental borrowing rate being the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. To determine the incremental borrowing rate, the Company uses as a starting point third-party financing rate applicable had the Company received financing and makes adjustments specific to the lease such as the lease term. The incremental borrowing rate applied to the lease liabilities on the start of the lease contract was 5.50%.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date over the shorter of the asset's useful life and lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company leases an office space having an original lease period of 5 years until 14 June 2025. The term of the lease is not subject to any extension option. The Company exercised its option to exit by 14 June 2022 as operations are intended to move to different leased premises. The Company’s right-of-use asset is depreciated over 2 years.

Notes to the Financial Statements

3 Significant accounting policies – *continued*

3.5 Leases - *continued*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate or when the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.6 Property and equipment

3.6.1 Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment.

The gain or loss on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and is recognised net within other income/other expense in profit or loss.

3.6.2 Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

3.6.3 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

The estimated useful lives for the current and comparative periods are as follows:

– Leasehold improvements	5 years
– Furniture and fittings	5 years
– Computer equipment	4 years
– Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.7 Intangible assets

3.7.1 Deferred acquisition costs

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). All other costs are recognised as expenses when incurred. The DAC is subsequently amortised over the expected life of the contracts as follows:

For insurance contracts with fixed and guaranteed terms, DAC is amortised in line with premium revenue using assumptions consistent with those used in calculating future policy benefit liabilities. An assumption is also made for expected lapses.

For investment contracts with DPF, DAC is amortised using assumptions consistent with those used in calculating future policy benefit liabilities, including expected lapses. Deferred acquisition costs that are not deemed to be recoverable are charged to profit or loss when the test for recoverability is performed at a policy level.

Notes to the Financial Statements

3 Significant accounting policies – *continued*

3.7 Intangible assets – *continued*

3.7.2 Computer software and website cost

Acquired computer software licences are measured at cost less any accumulated amortisation and any accumulated impairment losses (note 3.9.2). Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their useful lives, not exceeding a period of ten years. All costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable software controlled by the Company are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use it and there is an ability to do so;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the asset, and that the software is available, and

Directly attributable costs that are capitalised as part of the software include employee costs. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The Company also capitalises development costs relating to its website using the same criteria above. The Company's website has functionalities that aid the Company in generating business and servicing policies. .

The assets' residual values (if any) and useful lives are reviewed and adjusted if appropriate at each financial year end. Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in profit or loss as an expense. Intangible assets are derecognised upon disposal or when no further future economic benefits are expected from their use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

3.8 Financial instruments

3.8.1 Non-derivative financial instruments

Non-derivative financial instruments are recognised initially at fair value and adjusted for any directly attributable costs except for financial instruments at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

3.8.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with contractual maturity of less than three months. These assets are carried in the statement of financial position at face value.

3.8.3 Financial assets measured at amortised cost

The Company's other financial assets comprise insurance and other receivables which do not fall within an insurance contract, and it classifies these as financial assets at amortised cost. These assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. These assets are held for collection of contractual cash flows and are measured at amortised cost.

3.8.4 Financial instruments at fair value through profit or loss

The Company classifies its investments based on each portfolio's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolios of financial assets are managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

Notes to the Financial Statements

3 Significant accounting policies – *continued*

3.8 Financial Instruments - *continued*

3.8.4 Financial instruments at fair value through profit or loss - *continued*

3.8.4.1 Recognition and valuation of financial instruments - *continued*

The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the business model's objective. Consequently, all investments are mandatorily measured at fair value through profit or loss.

Regular purchases and sales of investments are recognised on trade date – the date on which the company commits to purchase or sell the investment. All financial instruments are recognised initially at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a financial instrument on initial recognition is generally its transaction price (that is, the fair value of the consideration given or received).

However, sometimes the fair value will be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only data from observable markets, such as interest rate yield curves, option volatilities and currency rates. When such evidence exists, the Company recognises a trading gain or loss on day 1, being the difference between the transaction price and the fair value. When significant unobservable parameters are used, the entire day 1 gain or loss is deferred and is recognised in profit or loss over the life of the transaction until the transaction matures, is closed out, the valuation inputs become observable, or when the Company enters into an offsetting transaction.

The fair value of financial instruments is generally measured on an individual basis. However, in cases where the Company manages a group of financial assets and liabilities according to its net market or credit risk exposure, the Company measures the fair value of the group of financial instruments on a net basis but presents the underlying financial assets and liabilities separately in the financial statements, unless they satisfy the IFRSs offsetting criteria.

The best evidence of fair value is a quoted price in an actively traded principal market. In the event that the market for a financial instrument is not active, and the valuation technique uses only observable market data, the reliability of the fair value measurement is high. However, when valuation techniques include one or more significant unobservable inputs, they rely to a greater extent on management judgement and the fair value derived becomes less reliable. In the absence of observable valuation inputs, due to lack of or a reduced volume of similar transactions, management judgement is required to assess the price at which an arm's length transaction would occur under normal business conditions, in which case management may rely on historical prices for that particular financial instrument or on recent prices for similar instruments.

The main assumptions and estimates which management consider when applying a model with valuation techniques are:

– the likelihood and expected timing of future cash flows on the instrument; judgement may be required to assess the counterparty's ability to service the instrument in accordance with its contractual terms. Future cash flows may be sensitive to changes in market rates;

– judgement to determine what model to use to calculate fair value in areas where the choice of valuation model is particularly subjective, for example, when valuing complex derivative products.

Notes to the Financial Statements

3 Significant accounting policies - *continued*

3.8 Financial Instruments - *continued*

3.8.4 Financial instruments at fair value through profit or loss – *continued*

3.8.4.2 Recognition and valuation of financial instruments – continued

When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions.

However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments are based on some market observable inputs even when unobservable inputs are significant.

Fair values are subject to a control framework designed to ensure that they are either determined, or validated, by a function independent of the risk-taker.

For all financial instruments where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is utilised. In inactive markets, direct observation of a traded price may not be possible. In these circumstances, the Company will source alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable. The factors that are considered in this regard are, inter alia:

- the extent to which prices may be expected to represent genuine traded or tradable prices;
- the degree of similarity between financial instruments;
- the degree of consistency between different sources;
- the process followed by the pricing provider to derive the data;
- the elapsed time between the date to which the market data relates and the reporting date; and
- the manner in which the data was sourced.

3.8.4.3 Determination of fair value

Fair values are determined according to the following hierarchy:

- Level 1 – quoted market price: financial instruments with quoted prices for identical instruments in active markets.
- Level 2 – valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 – valuation technique with significant unobservable inputs: financial instruments valued using models where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an actively traded market. The fair values of financial instruments that are quoted in active markets are based on bid prices for assets held and offer prices for liabilities issued. Where a financial instrument has a quoted price in an active market, the fair value of the total holding of the financial instrument is calculated as the product of the number of units and quoted price. In the event that the market for a financial instrument is not active, a valuation technique is used.

Notes to the Financial Statements

3 Significant accounting policies - *continued*

3.8 Financial Instruments - *continued*

3.8.4 Financial instruments at fair value through profit or loss – *continued*

3.8.4.4 Basis of valuing assets and liabilities measured at fair value

The judgement as to whether a market is active may include, but is not restricted to, the consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. The bid/offer spread represents the difference in prices at which a market participant would be willing to buy compared with the price at which they would be willing to sell. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the instrument requires additional work during the valuation process. Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

For all financial instruments where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is utilised. In inactive markets, direct observation of a traded price may not be possible. In these circumstances, the Company will source alternative market information to validate the financial instrument’s fair value, with greater weight given to information that is considered to be more relevant and reliable.

The fair value of investments in other funds that are not quoted in an active market is determined primarily by reference to the latest available redemption price of such units of each investment fund, as determined by the administrator of such fund. The company may make adjustments to the reporting net asset value of various investment funds based on considerations such as:

- Liquidity of the investment fund or its underlying funds;
- The value date of the net asset value provided;
- Any restrictions on redemptions; and
- The basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the investee fund’s advisors.

3.8.5 Financial liabilities at Fair value through profit or loss

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company’s other financial liabilities are classified as financial liabilities which are not at fair value through profit or loss under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost.

3.8.6 Derecognition of financial assets and liabilities

Financial assets are derecognition when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows of the financial assets, and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Notes to the Financial Statements

3 Significant accounting policies – *continued*

3.8 Financial Instruments - *continued*

3.8.7 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.9 Impairment

3.9.1 Non-derivative financial assets – *continued*

A financial asset not carried at fair value through profit or loss is assessed for impairment at initial recognition. At this stage an impairment allowance is required for expected credit losses resulting from default events that are possible within the next twelve months. The general principle of IFRS 9's expected credit loss accounting requires that the credit risk of financial instruments within the scope of impairment is to be assessed for significant increase since initial recognition at each balance sheet date.

The principle of significant increase in credit risk can be achieved by performing an assessment to compare the risk of default occurring at the reporting date with the risk of default occurring at the date of initial recognition.

Instruments within the scope of these requirements at period-end include the assets measured at amortised cost, which include cash at bank and deposit in the statement of financial position.

The Company considers a broad range of information when assessing credit risk and measuring credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and;
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month ECL' is recognised for the first category while 'lifetime ECL' is recognised for the second category. The Company considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade' (i.e., typically, at least 'BBB-' rating under S&P's) and when the credit risk has not increased significantly. Any impairment is recognised directly in statement of comprehensive income. If in a subsequent period, the amount of the impairment loss decreased, the previously recognised ECL is reversed by adjusting the allowance account. The amount of the reversal is recognised in statement of comprehensive income. While cash at bank is subject to the above impairment requirements, the identified ECL was wholly insignificant.

3.9.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

3 Significant accounting policies – *continued*

3.9 Impairment – *continued*

3.9.3 Reinsurance assets and premium receivable

Impairment on these assets fall within the scope of IFRS 4 and not IFRS 9, and hence it is calculated using an incurred loss approach as described below.

These assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. An asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that these assets are impaired can include default or delinquency by a reinsurer or counterparty and restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a reinsurer or counterparty will enter bankruptcy.

The Company considers evidence of impairment for these assets at a specific asset level. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of these assets is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against these assets. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.10 Provision for liabilities and charges

A provision for contingent liabilities and charges is recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made.

3.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

3.12 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4 Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are frequently re-evaluated and based on product assessment of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Policyholder claims and benefits and related deferred acquisition costs

The estimation of future benefit payments and premiums arising from insurance contracts are the Company's most critical accounting estimate. The determination of the liabilities and DAC are dependent on estimates made by the Company. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. Given the Company is in its initial year of operation, the Company bases these estimates on the mortality tables provided by its reinsurer. The estimated number of deaths determines the value of future benefit payments. The main source of uncertainty is that epidemics could result in future mortality being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk or that the Company's own exposure differs from that of its reinsurer.

Notes to the Financial Statements

4 Critical accounting estimates and judgements - *continued*

4.1 Policyholder claims and benefits and related deferred acquisition costs - *continued*

The Company is also exposed to the volatility of the economic assumptions used. In addition to changes in mortality rates, the Company's DAC estimate is further dependent on whether actual lapse rates will differ as compared to the current expectation. The lapse assumptions were based on pricing assumptions which were in turn based on market data available to the Company and its appointed actuaries. These risks are heightened in the context of the current ongoing Covid-19 pandemic coupled with the fact that the Company is in its first year of operation. New estimates are made each subsequent year to reflect the current long term outlook.

Estimates are also made as to future investment income arising from the assets backing long-term insurance. These estimates are based on current market returns as well as expectations about future economic and financial developments. Interest rate assumptions for the purposes of valuing liabilities at reporting date are based on an allocation of the assets backing the total liabilities whereby for each asset, the Company estimates an assumed yield.

Appropriate margins were taken for bond portfolio and equities. If the average future investment returns differ by +/-1% from management's estimates, the insurance liability would decrease by €74,423 (2020: nil) or increase by €55,810 (2020: nil). In this case there is no relief arising from reinsurance contracts held.

Further information is disclosed in Note 5.1 and 17 to these financial statements.

5 Management of insurance and financial risk

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages these contracts.

5.1 Insurance and Investment risk

The risk under any insurance contract is the possibility that the insured event occurs, and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year and from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. The Company uses reinsurance appropriately to reduce variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

Frequency and severity of claims

For contracts where death or morbidity is the insured risk, the most significant factor that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle resulting in earlier or more claims than expected.

At present these risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

Investment contracts with DPF carry negligible insurance risk.

The Company manages its insurance risk through strict underwriting limits and claims management; approval procedures for new products and pricing reviews; close monitoring of reinsurance arrangements and monitoring of emerging issues.

The Company's underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Company balances death risk across its portfolio. Medical selection is also included in the Company's underwriting procedures, with premium varied to reflect the health condition and family medical history of the applicants.

Notes to the Financial Statements

5 Management of insurance and financial risk - *continued*

5.1 Insurance and Investment risk – *continued*

Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for insurance contracts arises from the unpredictability of long term changes in overall levels of mortality, and the variability in contract holder behavior. The Company uses appropriate base tables of standard mortality obtained from its reinsurer according to the type of contract being written. The Company does not take credit for future lapses in determining the liability of long term contracts. Further details on the process for estimation and other key assumptions, is provided in note 17.2 to these financial statements.

The following table provides an analysis of the insurance and investment risk exposures by type of business on a gross of reinsurance basis:

	2021	2020
	€	€
Investment contracts with discretionary participation feature	**4,470,376**	-
Insurance contracts	**394,723**	-
Liabilities under insurance contracts and investment contracts with DPF	**4,865,099**	-

5.2 Financial risk

The Company is exposed to financial risk through its financial assets, financial liabilities (investment contracts), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts, this can be driven by changes in the market value of assets or through changes to expectations on future yields impacting the value of liabilities. The most important components of this financial risk are market risk, credit risk and liquidity risk. This risk is heightened through the period of market volatility that has been brought about because of the Covid-19 outbreak.

5.2.1 General nature of participation feature

The Company offers savings with-profit policies which participate in the investment returns of the with-profit funds. Up to 90% of the eligible investment return is attributed to the contract holders. Policyholders receive an annual bonus. The annual bonus is paid once every end of year and is guaranteed to be greater than or equal to zero. Premiums paid and the accumulated bonus will be protected as long as the investment is held to maturity or to death. The annual bonuses are set by the Board of Directors on the recommendation of the Appointed Actuary. The Company is exposed to adverse market conditions which could lead to the value of assets backing the liabilities to fall below the guaranteed benefit at policy maturity, which could lead to a potential loss to the shareholders.

5.2.2 Market risk

Market risk can be described as the risk of change in cash flows or fair value of a financial instrument due to changes in interest rates, exchange rates or equity prices.

Interest rate risk

Changes in investment values attributable to interest rate changes are mitigated by partially offsetting changes in the economic value of insurance provisions. The Company monitors this exposure through periodic reviews of its asset and liability positions. Estimates of future cash flows, as well as the impact of interest rate fluctuations on its investment portfolio and insurance liabilities, are modelled and reviewed quarterly. The Company minimises interest rate risks primarily by matching estimated future cash outflows to be paid to policyholders by expected cash flows from assets. The pool of investments backing liabilities is managed to duration targets that aim to make the net effect of interest rate changes on assets and liabilities manageable.

Exchange risk

The Company is exposed to currency risk on the shareholder's investment portfolio, to 10% of the investments backing contracts with DPF and to the life insurance portfolio. The exposure for the Company amounts to €1,121,726 (2020: nil) and a sensitivity analysis is presented below.

Notes to the Financial Statements

5 Management of insurance and financial risk - *continued*

5.2 Financial risk - *continued*

5.2.2 Market risk - *continued*

The table below summarises the Company's exposure to foreign currencies other than the base currency.

	2021	2020
	€	€
Exchange of exposure		
CHF	**38,670**	-
USD	**440,650**	-
GBP	**210,409**	-
NOK	**24,418**	-
PLN	**75,661**	-
MXN	**218,283**	-
RUB	**113,635**	-

Equity price risk

The Company manages the equity risk arising from its holdings of equity securities by setting limits on the maximum market value of equities that it holds. Equity risk is also monitored by estimating the effect of predetermined movements in equity prices on the profit and total net assets of the insurance underwriting business.

Sensitivity analysis

The Company performs various sensitivity analyses as summarised below. An immediate and permanent movement in interest yield curves, equity prices or currency exchange at the reporting date would have the following impact on the profit for the year and net assets at that date:

	Impact on profits and assets for the year	
	2021	2020
	€	€
+100 basis points shift in yield curves	**129,381**	-
-100 basis points shift in yield curves	**(302,244)**	-
+10 per cent increase in equity prices	**14,326**	-
-10 per cent decrease in equity prices	**(14,326)**	-

	Exposure as a % of NAV	**Currency exchange movement**	**+/- impact as a % of NAV**
CHF			
31 December 2021	**0.48%**	**+/- 10%**	**+/- 0.05%**
31 December 2020	–	+/- 10%	–
USD			
31 December 2021	**5.45%**	**+/- 10%**	**+/- 0.55%**
31 December 2020	–	+/- 10%	–
GBP			
31 December 2021	**2.60%**	**+/- 10%**	**+/- 0.26%**
31 December 2020	–	+/- 10%	–
NOK			
31 December 2021	**0.30%**	**+/- 10%**	**+/- 0.03%**
31 December 2020	–	+/- 10%	–
PLN			
31 December 2021	**0.94%**	**+/- 10%**	**+/- 0.09%**
31 December 2020	–	+/- 10%	–
MXN			
31 December 2021	**2.70%**	**+/- 10%**	**+/- 0.27%**
31 December 2020	–	+/- 10%	–
RUB			
31 December 2021	**1.41%**	**+/- 10%**	**+/- 0.14%**
31 December 2020	–	+/- 10%	–

Notes to the Financial Statements

5 Management of insurance and financial risk - *continued*

5.2 Financial risk - *continued*

5.2.3 Credit risk

The Company has exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The main areas where the Company is exposed to credit risk are:

– reinsurers' share of insurance liabilities;

– amounts due from reinsurers in respect of claims already paid;

– investment portfolios of debt securities;

– insurance and other receivables; and

– cash at bank (call deposits).

Investments in bonds are made within the credit limits permitted within the investment credit risk mandate conferred by the Asset Liability Investment Advisory Committee and approved by the Board of Directors.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to investment grade single counterparty, or groups of counterparties, and to geographical and industry segments. Investment credit exposures positions are reviewed on a quarterly basis by the Company's Asset Liability Investment Advisory Committee.

The selection of reinsurers also includes restrictions designed to minimise the risk of credit exposure.

The Company currently manages the majority of reinsurance risk by using reinsurers with a minimum rating of AA+. The creditworthiness of reinsurers is confirmed from public rating information and considered as a part of any tender activity prior to finalisation of any contract for new business.

Insurance and other receivables amount to €911,246 (2020: €33,776). This balance includes cash held with discretionary portfolio managers amounting to €651,779 (2020: nil) for investing activities. Accrued interest amounting to €21,218 (2020: nil) follows a similar rating profile to debt securities below.

Cash and cash equivalents held with third party banks amount to €196,410 (2020: €390,002). The balance is held with unrated local banks of good standing. As from 2020, in line with IFRS 9, the company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2021 and 2020 cash deposits were held with reputable counterparties and were due on demand. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance was been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the company.

The following table presents the analysis of debt securities and collective investment schemes that only invest in debt securities by rating agency (Standard and Poor's Rating Agency):

Financial Investments

	2021	2020
	€	€
AAA	**352,540**	–
AA+ to AA-	**1,147,581**	–
A+ to A-	**1,801,113**	–
BBB+ to BBB-	**2,254,892**	–
BB+ to B-	**948,889**	–
Unrated	**82,360**	–
Total	**6,587,375**	–

Notes to the Financial Statements

5 Management of insurance and financial risk - *continued*

5.2 Financial risk - *continued*

5.2.4 Liquidity risk

It is an inherent characteristic of almost all insurance contracts that there is uncertainty over the amount and the timing of settlement of claims liabilities that may arise, and this leads to liquidity risk. As part of the management of this exposure, estimates are prepared for most lines of insurance business of cash flows expected to arise from insurance funds at the reporting date.

The Company actively manages its assets in such a manner as to achieve a competitive rate of return within the prevailing risk objectives delineated by asset liquidity and credit quality, and asset-liability matching.

The following table shows the cash flows expected to arise pertaining to insurance and investment liabilities as well as the contractual maturity of financial assets as at reporting date.

	No fixed maturity	*Due within 3 months*	*Due between 3 and 12 months*	*Due between 1 and 5 years*	*Due after 5 years*	*Total*
	€	€	€	€	€	€
At 31 December 2021						
Financial investments	**6,091,751**	**—**	**—**	**675,483**	**1,314,580**	**8,081,814**
Reinsurance assets	**—**	**172,355**	**13,183**	**433**	**56,860**	**242,831**
Cash held with discretionary portfolio managers	**651,779**	**—**	**—**	**—**	**—**	**651,779**
Cash	**196,410**	**—**	**—**	**—**	**—**	**196,410**
	6,939,940	**172,355**	**13,183**	**675,916**	**1,371,440**	**9,172,834**

	On demand	*Due within 3 months*	*Due between 3 and 12 months*	*Due between 1 and 5 years*	*Due after 5 years*	*Total*
	€	€	€	€	€	€
At 31 December 2021						
Liabilities to customers:						
– insurance contracts	**—**	**—**	**132,761**	**2,047**	**259,915**	**394,723**
– investment contracts	**—**	**—**	**—**	**—**	**4,470,376**	**4,470,376**
– claims outstanding	**—**	**222,355**	**—**	**—**	**—**	**222,355**
	—	**222,355**	**132,761**	**2,047**	**4,730,291**	**5,087,454**

Notes to the Financial Statements

5 Management of insurance and financial risk - *continued*

5.2 Financial risk - *continued*

5.2.4 Liquidity risk - *continued*

	No fixed maturity	*Due within 3 months*	*Due between 3 and 12 months*	*Due between 1 and 5 years*	*Due after 5 years*	*Total*
	€	€	€	€	€	€
At 31 December 2020						
Financial investments	–	–	–	–	–	–
Reinsurance assets	–	–	–	–	–	–
Cash	390,002	–	–	–	–	390,002
	390,002	–	–	–	–	390,002

	On demand	*Due within 3 months*	*Due between 3 and 12 months*	*Due between 1 and 5 years*	*Due after 5 years*	*Total*
	€	€	€	€	€	€
At 31 December 2020						
Liabilities to customers:						
– insurance contracts	–	–	–	–	–	–
– investment contracts	–	–	–	–	–	–
	–	–	–	–	–	–

The methodology used for estimating cash outflows on liabilities to customers can be found below:

- Unit reserves on investment contracts with DPF have been established for the interest sensitive policies as the face value of the Company's liability at the valuation date (100% of account value).
- Non-unit reserves have been established on a policy-by-policy basis and projects the expected fund deductions on a monthly basis and compares these with costs expected on the assumptions made by the actuary. These reserves also include an allowance for the time value of the guarantees inherent in this portfolio. Group Life non-unit reserves represents the unearned premium reserve plus an allowance for claims incurred but not reported.

Notes to the Financial Statements

5 Management of insurance and financial risk - *continued*

5.2 Financial risk - *continued*

5.2.5 Capital management and allocation

It is the Company's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements imposed by the MFSA at all times.

The annual budget and planning process takes into account projected capital demands with the objective of ensuring regulatory solvency and maintaining capital adequacy at all times. The Company regularly monitors its capital requirements and applies limits to asset balances with respect to asset types and counterparty exposures.

The Company defines its capital as the excess of assets over liabilities as valued in accordance with the respective regulatory requirements. In order to maintain or adjust the capital structure, the Company may issue new shares or capitalise contributions received from its shareholders.

The Company is subject to the requirements of the EU Solvency II directive. The Solvency II regime establishes a set of EU-wide capital requirements, risk management and disclosure standards. The Company must hold eligible own funds to cover the Solvency Capital Requirement (SCR) and eligible basic own funds to cover the Minimum Capital Requirement (MCR). The SCR shall be calculated either in accordance with the standard formula or using a full or partial internal model (PIM) as approved by the Regulator. The Company must immediately inform the Regulator where it observes that its SCR or MCR are no longer complied with or where there is risk of non-compliance in the following six months for SCR and three months for MCR.

The Company opted for the standard formula under the Solvency II regime the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile. The Company's MCR floor stands at €3,700,000 as per paragraph 5.6.4 of Chapter 5 ('Valuation of assets and liabilities, technical provisions, own funds, Solvency Capital Requirement, Minimum Capital Requirement and investment rules') of Part B of the Insurance Rules.

Based on management calculations to date, the Company is sufficiently capitalised and was compliant at all times with the regulatory capital requirements as stipulated by the MFSA which are in line with the Solvency II requirements. At 31 December 2021, the Company's eligible own funds amounting to €6,089,170 (2020: not applicable) adequately covered the required SCR.

The Company was compliant with its regulatory capital requirements throughout the financial year.

6 Premiums

Insurance premiums written by the Company arise from direct business received from contracts written in Malta. Insurance premiums are analysed below:

	2021	Period from 24 December 2019 to 2020
	€	€
Gross premiums written in Malta		
Individual business	**4,979,379**	–
Group business	**234,931**	–
	5,214,310	–
Premium:		
Single	**4,351,372**	–
Periodic	**862,938**	–
	5,214,310	–
Arising from:		
Non-participating insurance contracts	**850,426**	–
Investment contacts with DPF	**4,363,884**	–
	5,214,310	–

Outward reinsurance premiums relate to non-participating insurance contracts.

Notes to the Financial Statements

7 Other technical income

	2021	Period from 24 December 2019 to 2020
	€	€
Fixed fees	**2,989**	–
	2,989	–

8 Investment (loss)/income

	2021	Period from 24 December 2019 to 2020
	€	€
Technical Statement		
Investment income	**41,878**	–
Investment charges	**(23,396)**	–
Profit/(loss) on disposal of Investments	**(12,246)**	–
Unrealised gain/(loss) on Investments	**23,607**	–
	29,843	–
Non-technical Statement		
Investment income	**13,892**	–
Investment charges	**(7,761)**	–
Profit/(loss) on disposal of Investments	**(4,062)**	–
Unrealised gain/(loss) on Investments	**7,831**	–
	9,900	–

9 Acquisition costs

Acquisition costs include commissions and deferred acquisition costs as follows:

	2021	Period from 24 December 2019 to 2020
	€	€
Commissions, stamp duty and medical costs	**626,650**	–
Change in deferred acquisition costs – Investment and insurance contracts	**(534,240)**	–
	92,410	–
Allocated administrative expenses	**994,159**	–
	1,086,569	–

Notes 3.7.1 and 4.1 describe the assumptions used by the Company to estimate deferred acquisition costs.

Notes to the Financial Statements

10 Administrative expenses

10.1 Administrative expenses include auditors' remuneration pertaining to the annual statutory audit amounting to €50,000 (2020: €6,800) exclusive of VAT.

Other fees, exclusive of VAT, charged by the appointed independent auditors, comprise:

	2021	Period from 24 December 2019 to 2020
	€	€
Tax compliance fees	**1,200**	900
Other assurance services	**15,000**	—
	16,200	900

10.2 *Profit before tax is stated after charging:*

	2021	Period from 24 December 2019 to 2020
	€	€
Salaries and related costs	**518,855**	225,856
Directors' fees	**82,500**	—
Depreciation and amortisation of software	**183,667**	6,901
Investment management expenses	**31,157**	—
Actuarial services	**53,100**	41,300

A portion of the above expenses are considered to be acquisition costs and are also included in Note 9.

11 Staff costs

11.1 Personnel expenses incurred by the Company during the year are analysed as follows:

	2021	Period from 24 December 2019 to 2020
	€	€
Salaries and related costs	**522,171**	365,154
Social security costs	**35,008**	18,956
Capitalised salary costs (Note 14)	**(38,324)**	(158,351)
	518,855	225,759

11.2 The average number of persons employed by the Company during the year is analysed as follows:

	2021	Period from 24 December 2019 to 2020
	No.	No.
Management and administration	**7**	4

Notes to the Financial Statements

12 Income tax expense

Current income taxes amounted to nil for the period ended 31 December 2021. The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2021	Period from 24 December 2019 to 2020
	€	€
Loss before tax	**(1,526,853)**	(609,285)
Tax at the applicable rate of 35%	**(534,399)**	(213,250)
Tax effect:		
– Disallowed expenses	**–**	128,663
– Tax effect of temporary differences not recognised	**–**	84,587
Tax expense for the period	**534,399**	–

Tax payments amounted to nil for the period ended 31 December 2021 (2020: nil).

13 Tangible Assets

	Leasehold improvements	***Plant and equipment***	***Total***
	€	**€**	**€**
Cost			
Balance at the beginning of the period	–	–	–
Additions for the period	1,436	30,316	31,752
Balance at 31 December 2020	1,436	30,316	31,752
Balance at 1 January 2021	1,436	30,316	31,752
Additions for the year	–	17,212	17,212
Balance at 31 December 2021	1,436	47,528	48,964
Depreciation			
Balance at the beginning of the period	–	–	–
Depreciation charge for the period	287	6,614	6,901
Balance at 31 December 2020	287	6,614	6,901
Balance at 1 January 2021	287	6,614	6,901
Depreciation charge for the year	287	10,702	10,989
Balance at 31 December 2021	574	17,316	17,890
Carrying amounts			
At 31 December 2020	1,149	23,702	24,851
At 31 December 2021	862	30,212	31,074

Notes to the Financial Statements

14 Intangible assets including intangible insurance assets

	Deferred acquisition costs	*Computer software*	*Website*	*Total*
	€	**€**	**€**	**€**
Carrying amount				
Balance at the beginning of the period	—	—	—	—
Additions	—	446,902	11,157	458,059
Capitalised salary costs (Note 11)	—	158,351	—	158,351
Balance at 31 December 2020	—	605,253	11,157	616,410
Balance at 1 January 2021	—	605,253	11,157	616,410
Additions	—	529,760	3,540	533,300
Movements/amortisation through profit or loss:				
– Addition from new business	626,650	—	—	626,650
– Amortisation and impairment	(92,410)	(165,330)	(7,348)	(265,088)
Capitalised salary costs (Note 11)	—	38,324	—	38,324
Balance at 31 December 2021	534,240	1,008,007	7,349	1,549,596
Accumulated amortisation and impairment				
Balance at 31 December 2020	—	—	—	—
Balance at 31 December 2021	(92,410)	(165,330)	(7,348)	(265,088)

Deferred acquisition costs - Sensitivity analysis

The impact of a 10 percentage point increase in the amortisation of the carrying amount of deferred acquisition costs would result in a decrease in profit before taxation of €53,424, whilst the impact of a 10 percentage point decrease in the amortisation of the carrying amount of deferred acquisition costs would result in an increase in profit before taxation of €53,424.

Notes to the Financial Statements

15 Leases

The Company leases an office space having an original lease period of 5 years until 14 June 2025. The term of the lease is not subject to any extension option. The Company exercised its option to exit by 14 June 2022 as operations are intended to move to different leased premises. This note provides information for leases where the Company is a lessee.

	2021	2020
	€	€
Right-of-use assets		
Recognition of right-of-use asset at commencement of lease	**74,555**	84,402
Reassessment of lease term	**(53,813)**	–
Amortisation charge	**(13,454)**	(9,847)
Closing net book value	**7,288**	**74,555**
Lease liabilities		
Recognition of lease liabilities at commencement of lease	**68,842**	84,402
Reassessment of lease term	**(53,813)**	–
Lease payments	**(18,230)**	(17,700)
Interest expense	**3,201**	2,140
Closing net book value	**–**	**68,842**
Lease liabilities		
Current	**–**	15,030
Non-current	**–**	53,812
Closing net book value	**–**	**68,842**

16 Financial investments

16.1 All assets within this note are carried at fair value through profit or loss. Under IFRS 9, the designation of fair value through profit and loss was mandatory.

Financial investments include:

	2021	2020
	€	€
Equity securities – listed	**496,030**	–
Debt securities – fixed interest:		
– Government bonds – listed	**1,099,066**	–
– other listed	**890,997**	–
	1,990,063	–
Collective investment schemes: – listed	**5,595,721**	–
Total	**8,081,814**	–
Current	**–**	–
Non-current	**8,081,814**	–
	8,081,814	–

Investments with a fixed maturity date (i.e. debt securities) are classified as non-current unless they are expected to mature within twelve months or be realised within twelve months. All other investments without a fixed maturity date are considered to be substantially non-current in nature.

Notes to the Financial Statements

17 Insurance and investment contracts with DPF liabilities and reinsurance assets

17.1 Analysis of insurance liabilities, investment contracts with DPF and reinsurance assets

	2021	2020
	€	€
Gross		
Claims outstanding	222,355	–
Total claims outstanding – gross	222,355	–
Insurance contracts - gross	394,723	–
Investment contracts with DPF – gross	4,470,376	–
Total insurance and investment contracts with DPF liabilities – gross	5,087,454	–
Reinsurance assets		
Claims recoverable	172,355	–
Insurance contracts	70,476	–
Reinsurance premium deferral	73,430	–
Total reinsurance assets	316,261	–

	2021	2020
	€	€
Net		
Claims outstanding	50,000	–
Total claims outstanding – net	50,000	–
Insurance contracts	324,247	–
Investment contracts with DPF	4,470,376	–
Reinsurance premium deferral	(73,430)	–
Total insurance and investment contracts with DPF liabilities – net	4,771,193	–

17.2 Life insurance contracts and investment contracts with DPF – assumptions, change in assumptions and sensitivity

The technical provisions in respect of life insurance contracts are subject to quarterly valuations by the Appointed Actuary based on data and information provided by the Company.

Notes to the Financial Statements

17 Insurance and investment contracts with DPF liabilities and reinsurance assets – *continued*

17.2 Life insurance contracts – assumptions, change in assumptions and sensitivity – *continued*

17.2.1 Process used for assumptions

For the Protection business, the reserves are calculated on a prospective gross premium valuation method. The method consists of the calculation of the present value of future benefits and expenses less the present value of future gross premiums. No allowance of negatives reserves is permitted under this methodology. All policies are projected until their maturity date taking into consideration the decrements that are expected based on the assumptions used. To avoid future valuation strains, a reserve is established for any future years where, on the assumptions made, the expected costs for that year exceed the expected margins.

The principal assumptions underlying the calculation of the long-term business provision are the following:

Mortality

A base mortality table is selected which is most appropriate for each type of contract. Given that this is the Company's first year of operation, the Company has made use of standard mortality tables provided by its reinsurer. As the Company gathers experience, the mortality rates will be adjusted by the expected mortality based on a statistical investigation into the Company's mortality experience.

Discount rates

The assumption for the valuation interest rate used for discounting of the non-unit reserves was derived based on an allocation of the assets backing the total liabilities. For each asset class, the assumed yield is estimated and the interest rate is calculated as the weighted average yield of the hypothecated assets.

Reserving interest rates

Reserving interest rates for the current year were determined based on the weighted average rate of investment return of the Company's underlying assets, adjusted by a margin of contingency. For each asset class an assumed yield is estimated and the growth rate is calculated as the weighted average yield of these assets. The procedure is the same as that described above for the discount rate with the removal of adjustments for default, and allowance for expected gains on equity. The assumption for capital gains on equities is based on the 10-year average capital gains of the European index STOXX Europe 600 Price Index EUR (SXXP).

Expenses and inflation

Expense assumptions used in the valuation process were estimated on the basis of the Company's expected costs to maintain policies in the long term.

The inflation rate assumption used in the projection of all fixed expenses of the Company is driven from the 10-year inflation swap rate extracted from Bloomberg as at the valuation date. A percentage margin is included to allow for the expectation of higher inflation on salary related expenses.

Taxation

The Company has assumed that current tax legislation and rates will not change.

Notes to the Financial Statements

17 Insurance and investment contracts with DPF liabilities and reinsurance assets – *continued*

17.2 Life insurance contracts – assumptions, change in assumptions and sensitivity – *continued*

17.2.2 Sensitivity analysis

As explained in note 4, the Company is exposed to uncertainty including the result of the ongoing Covid-19 pandemic. An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process in respect of its life insurance contracts. The table presented below demonstrates the sensitivity of insured liability estimates to particular movements in assumptions used in the estimation process. Certain variables can be expected to impact life insurance liabilities more than others, and consequently a greater degree of sensitivity to these variables may be expected.

At 31 December 2021	*Movement*	*Reported value of net non-unit insurance liabilities*
	€	**€**
Base stress	—	**505,115**
Interest rates increasing 100 basis points	**(129,381)**	**375,734**
Interest rates reducing 100 basis points	**302,244**	**807,359**
All mortality rates increasing by 10%	**23,090**	**528,205**
All mortality rates reducing by 10%	**(18,913)**	**486,202**
All expenses increase by 10%	**34,756**	**539,871**
All expenses reduce by 10%	**(25,326)**	**479,789**

At 31 December 2020	*Movement*	*Reported value of net non-linked insurance liabilities*
	€	**€**
Base stress	—	—
Interest rates increasing 100 basis points	—	—
Interest rates reducing 100 basis points	—	—
All mortality rates increasing by 10%	—	—
All mortality rates reducing by 10%	—	—
All expenses increase by 10%	—	—
All expenses reduce by 10%	—	—

The analysis above has been prepared for a change in variable with all other assumptions remaining constant and ignores changes in the value of any related assets.

17.3 Movements in insurance liabilities

	2021	2020
	€	€
Claims outstanding		
At the beginning of the year/ period	**—**	—
Movement for the year/ period taken to profit or loss	**222,355**	—
At 31 December	**222,355**	—
Insurance contracts		
At the beginning of the year/ period	**—**	—
Movement for the year/ period	**394,723**	—
At 31 December	**394,723**	—
Investment contracts with DPF		
At the beginning of the year/ period	**—**	—
Movement for the year/ period (excluding bonus allocation)	**4,440,533**	—
Bonus allocation	**29,843**	—
At 31 December	**4,470,376**	—

Notes to the Financial Statements

17 Insurance liabilities and reinsurance assets – *continued*

17.4 Movements in reinsurance assets

	2021	2020
	€	€
Claims outstanding		
At the beginning of the year/ period	**–**	–
Movement for the year/ period taken to profit or loss	**172,355**	–
At 31 December	**172,355**	–
Non-unit long-term business		
At the beginning of the year/ period	**–**	–
Movement for the year/ period	**143,906**	–
At 31 December	**143,906**	–

18 Insurance and other receivables

	2021	2020
	€	€
Current portion		
Receivables arising from insurance	**105,243**	–
Accrued income and prepayments	**153,190**	32,526
Receivables from discretionary portfolio managers	**651,779**	–
Other receivables	**1,034**	1,250
	911,246	33,776

19 Cash and cash equivalents

Balances of cash and cash equivalents are analysed below:

	2021	2020
	€	€
Current portion		
Cash at bank (held at call)	**196,410**	390,002

20 Insurance and other payables

	2021	2020
	€	€
Current Portion		
Direct insurance contract payables	**13,154**	–
Reinsurance payables	**82,101**	–
Amounts due to related parties	**60,879**	–
Other payables	**238,754**	166,581
Accrued expenses	**247,485**	13,456
	642,373	180,037

Amounts due to related parties are unsecured, interest free and payable on demand.

Notes to the Financial Statements

21 Deferred tax assets and liabilities

21.1 Recognised deferred tax assets and liabilities

Deferred tax assets are attributable to the following temporary differences:

	2021	2020
	€	€
Unabsorbed tax losses	**534,399**	-
	534,399	-

21.2 Movement in temporary differences during the year

	2021	2020
	€	€
At the beginning of the period	—	—
Recognised in profit or loss (Note 12)	**534,399**	—
At 31 December	**534,399**	—

22 Financial assets and liabilities – basis of valuation

Fair value valuation

For all financial instruments where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is utilised. In inactive markets, direct observation of a traded price may not be possible. In these circumstances, the Company sources alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

The table below analyses financial instruments carried at fair value, by valuation method.

	Level 1	Level 2	Level 3	Total
	€000	**€000**	**€000**	**€000**
At 31 December 2021				
Assets				
Equity securities	**496,030**	—	—	**496,030**
Debt securities	**1,990,063**	—	—	**1,990,063**
Collective investment schemes	**5,595,721**	—	—	**5,595,721**
Liabilities				
Investment contracts at fair value through profit or loss	**4,470,376**	—	—	**4,470,376**
At 31 December 2020				
Assets				
Equity securities	—	—	—	—
Debt securities	—	—	—	—
Collective investment schemes	—	—	—	—
Liabilities				
Investment contracts at fair value through profit or loss	—	—	—	—

Notes to the Financial Statements

23 Cash used in operating activities

	2021	2020
	€	€
Loss before tax	**(1,526,853)**	(609,285)
Adjustment for:		
Insurance contract and investment contract with DPF liabilities	**4,865,099**	–
Reinsurance share of technical provisions	**(70,476)**	–
Reinsurance assets	**(73,430)**	–
Change in provision for claims - net	**50,000**	–
Unrealised fair value movement on investments	**(31,438)**	–
Depreciation of tangible assets (Note 13)	**10,989**	6,901
Amortisation and impairment of intangible assets (Note 14)	**265,088**	–
Deferred acquisition costs	**(626,650)**	–
Amortisation of right-of-use asset	**13,454**	9,847
Interest expense on lease liability (Note 15)	**3,201**	2,140
Operating cash flows before movements in working capital	**2,878,984**	(590,397)
Movements in working capital:		
Insurance and other receivables	**(877,470)**	(33,776)
Insurance and other payables	**462,336**	180,037
Cash generated from/ (used in) operating activities	**2,463,850**	(444,136)

24 Share Capital

	2021	2020
	€	€
Authorised ordinary shares		
2,500,000 Ordinary shares of €1 each	**2,500,000**	2,500,000
1,875,000 Ordinary A shares of €1 each	**1,875,000**	1,875,000
1,875,000 Ordinary B shares of €1 each	**1,875,000**	1,875,000
1,875,000 Ordinary C shares of €1 each	**1,875,000**	1,875,000
1,875,000 Ordinary D shares of €1 each	**1,875,000**	1,875,000
	10,000,000	10,000,000
Issued ordinary shares		
1,875,000 Ordinary A shares of €1 each	**1,875,000**	375,000
1,875,000 Ordinary B shares of €1 each	**1,875,000**	375,000
1,875,000 Ordinary C shares of €1 each	**1,875,000**	375,000
1,875,000 Ordinary D shares of €1 each	**1,875,000**	375,000
	7,500,000	1,500,000

The holders of the above ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

In January 2021, a call was made by the Company's Board of Directors to all the shareholders for the payment of all the unpaid subscriptions amounting to €6,000,000.

During the period ended 31 December 2021, no dividends were distributed. No final dividends are proposed by the directors as the Company reported a loss for the year ended 31 December 2021.

As at 31 December 2021, the issued ordinary shares were 100% (2020: 20%) paid up.

Notes to the Financial Statements

25 Related party disclosures

25.1 Transactions with related parties

All shareholders are considered by the directors to be related parties as these companies have significant influence over the Company (see Note 25). In the normal course of business, the Company enters into various transactions with related parties. Transactions with related parties during the year include transactions with the shareholders as listed in Note 25.

Details of significant transactions carried out during the period with the shareholding entities are as follows:

	2021	2020
	€	€
Income		
Insurance related activities	**118,539**	–
Expenses		
Rental payment	**18,231**	17,700
Purchase of insurance covers	**108,327**	8,462
Fees and commissions expense	**229,100**	–
Investment management expenses	**15,479**	–
Net bank charges	**804**	197
Other expenses	**4,621**	157

The remuneration paid to directors for the year ended 31 December 2021 amounted to €82,500 (2020: nil). Capital injections made by shareholders are disclosed in Note 24.

25.2 Balances with related parties

Balances with related parties as at 31 December 2021 pertain to cash at bank (see Note 19).

26 Statutory information

IVALIFE Insurance Limited is a private limited liability company and is incorporated in Malta. The Company's registered office address is at Gaba Building, Level 2, Naxxar Road, Iklin IKL 9026, Malta.

The Company's shareholders are listed below:

Name	**Registered address**
APS Bank p.l.c.	APS Centre, Tower Street, Birkirkara BKR4012, Malta
Atlas Insurance PCC Limited	48-50, Ta' Xbiex Seafront, Ta' Xbiex, XBX 1021, Malta
GasanMamo Insurance Limited	Head Office, Msida Road, Gzira, GZR 1405, Malta
Maltapost p.l.c.	305, Qormi Road, Marsa, MTP 1001, Malta

27 Subsequent events

The Russian – Ukraine conflict that started on the 24 of February 2022 has magnified uncertainty in all economic sectors including financial services and insurance. The Company is actively monitoring the developments and assessing the impact of the sanctions currently being imposed. IVALIFE has an insignificant level of exposure to Russian policyholders or asset exposures to Russia/Ukraine and thus we don't expect any direct impact on our business performance. Nonetheless, the conflict itself created instability within the international financial market which could have an indirect impact on the value of the Company's underlying investments. Furthermore, the Maltese economy has limited dependency on Russian investors and we therefore do not anticipate any material deterioration in the broader business environment in which IVALIFE operates. As at the period end, the Company had an exposure to the Russian Ruble as disclosed in note 5.2.2. Up to the date of these financial statements, the Company has exited its position.

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