IVALIFE Insurance Limited

Annual Report and Financial Statements 2025

Company Registration Number: C94404

Contents

Directors' Report

For the Year Ended 31 December 2025

The directors present their report together with the audited financial statements of IVALIFE Insurance Limited ("the Company") for the year ended 31 December 2025.

Board of directors

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

Michael Gatt (Chairman)
Kevin Valenzia
Ioannis Ioannou
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 (Cap. 403) 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 recorded a profit before tax of €553k for the financial year under review, a significant improvement over the prior year's profit of €91k. This performance was primarily driven by the strengthening of the insurance service result, supported by increased release of the expanding contractual service margin. Favourable financial market movements contributed a further €193k (2024: €266k) to the overall result. The outturn exceeded expectations, and the Company anticipates continued positive performance over the projected horizon as the insurance portfolio matures, recognising that profitability in long-term business emerges progressively due to the duration of the underlying policies.

During the year, IVALIFE's insurance portfolio continued to expand steadily through its distribution network, with growth observed across both protection products and unit linked savings plans. Premium received as at year-end amounted to €22.7m, of which €6.2m related to non-participating business. The Company also secured €16.5m in premiums and contributions within the participating portfolios.

Total assets increased by €19.8m, rising from €33.5m at the end of 2024 to €53.2m at the close of the current reporting period. This includes a €4m capital injection from shareholders. Insurance contract liabilities—comprising both insurance contracts and investment contracts with discretionary participation features—rose from €21.2m in 2024 to €36.1m, bringing total liabilities to €37.4m as at yearend. Consequently, shareholders' equity increased to €15.8m, compared to €11.3m at the end of the previous reporting period.

IVALIFE's life fund is managed by the appointed Discretionary Portfolio Managers, who oversee both shareholder and policyholder assets. The Company's investment strategy is centred on maintaining a diversified portfolio of high quality assets, including equities, corporate and sovereign bonds across various credit qualities, and cash holdings. This diversification, combined with disciplined investment management and the expertise of the appointed managers, positions the Company to capture market opportunities as they arise.

The investment portfolio generated a net positive return of 4.3% for the year, equivalent to net investment income of €0.68m. In light of this performance, the Board of Directors approved a bonus rate of 2.25% for investment contracts with discretionary participation features for the year ended 31 December 2025. A further 0.77% was allocated to the smoothing reserve, representing the portion of investment returns retained to support stable distributions in less favourable years. Notwithstanding this, the Company notes that past performance is not indicative of future results, and fair value movements and investment returns directly influence future bonus declarations.

The Company applies the standard formula under the Solvency II regime, as the underlying assumptions are deemed appropriate for its risk profile. Based on management assessments to date, the Company remains adequately capitalised and has maintained continuous compliance with the regulatory capital requirements established by the MFSA in accordance with Solvency II.

Directors' Report (continued)

Future developments

In mid June 2025, the Government issued its Auto-Enrolment proposal for public consultation, inviting feedback from employers, unions, insurers, and industry bodies. The proposal envisages that the provision of Auto-Enrolment occupational pension products would be restricted to entities licensed under the Retirement Pensions Act. As drafted, this framework would effectively preclude life insurance undertakings authorised under the Insurance Business Act from participating in this market.

As at the date of this report, no final decision has been communicated by the relevant authorities. The Company will continue to monitor developments closely and will assess its potential participation in this line of business once further clarity is provided.

Risks and uncertainties

The Company's principal risks and uncertainties are disclosed in Note 4 Critical accounting estimates and judgements and Note 5 Management of insurance and financial risk.

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 potential prolonged market instability and economic slowdown.

In light of the above, the Company keeps monitoring economic 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.

Dividends

The Company did not pay any dividend to shareholders during 2025 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 2025 are included in the Annual Report 2025, 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 2026 and signed on its behalf by:

Michael Gatt
Director

Kevin Valenzia
Director

Registered Office

Centris Business Gateway II
Level 1D, Triq is-Salib tal-Imriehel
Zone 3, Central Business District
Birkirkara CBD 3020
Malta

Independent auditor's report

To the Shareholders of IVALife Insurance 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 2025, 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 20 to 83, comprise:

- the statement of financial position as at 31 December 2025;
- 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, comprising material accounting policy information 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.

Independence

We are independent of the company in accordance 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 audits of financial statements of an EU Public Interest Entity in Malta and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also 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 2025 to 31 December 2025, are disclosed in note 10.2 to the financial statements.

Our audit approach

Overview

Materiality	Overall materiality: €334,000, which represents 1% of the Contractual Service Margin ("CSM") net of reinsurance and tax + Equity
Key audit matters	• Valuation of insurance contract liabilities • Recoverability of deferred tax asset

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	€334,000
How we determined it	1% of Contractual Service Margin ("CSM") (Net of reinsurance and tax) plus Equity
Rationale for the materiality benchmark applied	We chose CSM (Net of reinsurance and tax) plus Equity as reflected in the statement of financial position (and related notes) as the benchmark because, in our view, it is a key financial statement metric used in evaluating the financial position of the Company and is not as volatile as a profit and loss measure. We selected 1% based on our professional judgement, noting that it is also within the range of benchmarks that we consider to be acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €16,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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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
Valuation of insurance contract liabilities As at 31 December 2025, the Company recorded insurance contract liabilities of €36.1m (2024: €21.2m). As explained in Note 3.1.8 the Company's insurance contract liabilities are measured as the total of fulfilment cash flows (comprising the best estimates of future cash flows and risk adjustment) and contractual service margin ('CSM'), the determination of which required judgement and interpretation. This includes the selection of accounting policies and the use of complex actuarial and accounting methodologies. Management's selection and application of appropriate methodologies requires significant professional judgement. The valuation also requires the determination of assumptions about future events, both internal and external to the business, giving rise to estimation uncertainty. The valuation of these liabilities is complex and sensitive to changes in assumptions. Furthermore, future estimation	We performed the following audit procedures to test the valuation of insurance contract liabilities (including best estimate liabilities, risk adjustment and contractual service margin), using our IFRS 17 and actuarial specialist team members: • Understood and evaluated the design and effectiveness of controls in place over the determination of the insurance contract liabilities, including those relating to model inputs, model operation and extraction of results from the actuarial model; • Tested the accuracy of the underlying data utilised for the purposes of measurement by reference to its source; • Applied our industry knowledge and experience to assess the appropriateness of the methodology,

Key audit matter	How our audit addressed the key audit matter
uncertainty is heightened as a result of the fact that the Company is only in its fifth year of operation, and is therefore still collating historical data. We focused on this area due to its materiality and the subjectivity of the judgements made. As part of our consideration of the entire set of assumptions, we focused particularly on expense, mortality, and lapse assumptions as these are considered the most significant and judgemental. These are considered individually below.	model and assumptions used against recognised actuarial practices; • Tested management's controls in respect of the valuation and assumption setting processes; • Independently tested the CSM for all material portfolios using a challenger model; and • Performed testing over the actuarial model calculations through substantive testing, as well as best estimate liability and risk adjustment recalculation for a sample of policies.
• *Valuation of insurance contract liabilities - expense assumptions* The valuation of insurance contract liabilities includes estimated future expenses that are expected to be incurred in the administration and maintenance of the existing policies to their maturity and include an allowance for future inflation. The assumptions used require judgement, particularly with respect to the allocation of expenses to future maintenance, the estimation of the future level of stable in-force policy volumes and future cost inflation.	In respect of the expense assumptions, we performed the following additional procedures using our IFRS 17 and actuarial specialist team members: • We tested and challenged the appropriateness of the allocation between attributable and non-attributable expenses; • We reviewed, and where relevant, challenged the appropriateness of these cost allocations in the context of IFRS 17

Independent auditor's report - continued
To the Shareholders of IVALife Insurance Limited

Key audit matter	How our audit addressed the key audit matter
IFRS 17 requires the Company to analyse expenses between acquisition costs, directly attributable expenses and non- attributable (i.e. out of scope) expenses. The valuation of the insurance contract liabilities is sensitive to changes in allocations between categories and changes in assumptions.	requirements and actual costs incurred during the year (by *inter alia* obtaining an understanding of variances prepared by management); • We assessed the expert judgement applied in the determination of expense assumptions. In this respect we understood and challenged the basis on which expenses are projected by reference to variations to the prior year, actual versus expected expenses, projected policy volumes and the period over which the company expects to achieve a stable level of in-force policy, also confirming that these assumptions were approved by the Board; and • We assessed the expense adequacy test carried out by management.
• *Valuation of insurance contract liabilities - mortality and lapse assumptions* Insurance contract liabilities are sensitive to the choice of assumptions, with those relevant to mortality and lapses highlighted as amongst those having the biggest impact. There is a risk that the	In respect of the mortality and lapse assumptions we performed the following procedures using our actuarial specialist team members: • We tested the design and operation of controls pertaining to the setting of assumptions relative to the

Key audit matter	How our audit addressed the key audit matter
assumptions are not appropriate due to the variability in experience and the relatively small size of the Company's business, given the pool of data from which to assess experience, and that any changes to assumptions are not justifiable given the set of past experience or expectations of future experience. In setting mortality assumptions, management utilise the reinsurer's experience, and available standard tables for Pension products. In setting lapse assumptions, management utilise a combination of Company experience adjusted for expected improvements/deteriorations were necessary, and available market data where internal experience is not deemed to be sufficient. There is a risk that mortality and lapse assumptions are not appropriate to the Company's business.	experience analysis and input of assumptions into the model processes; • Tested the mortality and lapse assumptions by reference to its source and assessed the appropriateness of mortality and lapse assumptions in the context of the Company's own experience; • Assessed the appropriateness of the Company's assumptions by comparing against industry best practice where relevant; and • Reviewed management's sense checks or justification as part of the analysis of change and performed internal reasonableness analytics over the impacts of any assumption changes.
Relevant references in the financial statements are: • Critical accounting estimates and judgements: Note 4.1; • Material accounting policies: Note 3.1; and • Note on insurance liabilities and reinsurance contract assets: Note 17.	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

Key audit matter	How our audit addressed the key audit matter
	governance and controls over the assumption basis review. We also reviewed the modelled results and we assessed the reasonableness of management's analysis of the changes in the carrying amounts. Based on the work performed we found the valuation of insurance contract liabilities (including best estimate, risk adjustment and contractual service margin) to be reasonable and consistent with the explanations and evidence obtained.
Recoverability of deferred tax asset Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profit. As disclosed in Note 21 to the financial statements, the Company has recognised a deferred tax asset of €1.3m (2024: €1.3m) representing unutilised tax losses that management expects to recover	Our audit procedures addressing the recoverability of the deferred tax asset considered the following: • we obtained the projections underlying the recognition of the deferred tax asset; • we challenged management on the basis for the projected profits and we understood the rationale for variations in projected profitability; and

Key audit matter	How our audit addressed the key audit matter
against profits in the projected period. The respective tax losses do not expire. We focused on this area due to its magnitude and inherent subjectivity. Further disclosure on the recognition of deferred tax asset is included in Note 4.2.	• we considered the extent of related disclosures to the financial statements. Based on the work performed, we found the basis for the recognition of the deferred tax asset to be consistent with the explanations and evidence obtained.

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.

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 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.

Independent auditor's report - continued
To the Shareholders of IVALife Insurance Limited

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.

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2025* 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 2025* 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	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

Area of the *Annual Report and Financial Statements 2025* and the related Directors' responsibilities	Our responsibilities	Our reporting
	accordance with the applicable legal requirements.	the Maltese Companies Act (Cap. 386).
	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.	We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.
	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	We have nothing to report to you in respect of these responsibilities.

Area of the *Annual Report and Financial Statements 2025* and the related Directors' responsibilities	Our responsibilities	Our reporting
	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.	

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.

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Independent auditor's report - continued

To the Shareholders of IVALife Insurance Limited

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 five years.

Christopher Cardona

Principal

For and on behalf of

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

Malta
7 April 2026

Statement of Financial Position

	Notes	**31 December 2025**	31 December 2024
		€	€
Assets			
Property and equipment	13	**275,629**	319,374
Intangible assets	14	**2,426,202**	2,095,056
Financial investments	16	**46,542,103**	28,134,772
Deferred taxation	21	**1,297,343**	1,297,343
Reinsurance contract assets	17	**1,390,644**	505,022
Other receivables	18	**547,778**	356,462
Cash at bank	19	**744,937**	767,538
Total assets		**53,224,636**	33,475,567
Liabilities			
Lease liabilities	15	**295,620**	334,282
Insurance contract liabilities	17	**36,064,467**	21,225,531
Other payables	20	**1,053,926**	658,208
Total liabilities		**37,414,013**	22,218,021
Net assets		**15,810,623**	11,257,546
Shareholders' equity			
Share capital	24	**19,500,000**	15,500,000
Retained earnings		**(3,689,377)**	(4,242,454)
Total shareholders' equity		**15,810,623**	11,257,546

The notes on pages 24 to 83 are an integral part of these financial statements. The financial statements on pages 20 to 83 were approved and authorised for issue by the Board of Directors on 7 April 2026 and signed on its behalf by:

Michael Gatt
Director

Kevin Valenzia
Director

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2025 €	2024 €
Insurance revenue	6	**5,344,250**	3,651,264
Insurance service expenses	7	**(3,239,542)**	(1,996,139)
Insurance service result before reinsurance contracts held		**2,104,708**	1,655,125
Net expenses from reinsurance contracts held	8	**(813,291)**	(720,563)
Insurance service result		**1,291,417**	934,562
Insurance finance expenses for insurance contracts issued	9	**(1,734,522)**	(1,002,492)
Reinsurance finance income for reinsurance contracts held	9	**115,362**	16,125
Net insurance financial result		**(1,619,160)**	(986,367)
Net investment income	9	**2,205,204**	1,316,625
Total investment income		**2,205,204**	1,316,625
Other expenses	10	**(1,324,384)**	(1,174,116)
Profit before tax		**553,077**	90,704
Income tax	12	**-**	-
Profit for the year – Total Comprehensive Income		**553,077**	90,704

The notes on pages 24 to 83 are an integral part of these financial statements.

Statement of Changes in Equity

	Note	*Share capital*	*Retained earnings*	*Total equity*
		€	€	€
Balance as at 1 January 2024		11,500,000	(4,333,158)	7,166,842
Comprehensive income for the year				
Profit for the year		-	90,704	90,704
Total comprehensive profit for the year		-	90,704	90,704
Transactions with owners, recorded directly in equity				
Issue of share capital – total transactions with owners	24	4,000,000	-	4,000,000
Balance as at 31 December 2024		15,500,000	(4,242,454)	11,257,546
Balance as at 1 January 2025		**15,500,000**	**(4,242,454)**	**11,257,546**
Comprehensive income for the year				
Profit for the year		-	**553,077**	**553,077**
Total comprehensive income for the year		-	**553,077**	**553,077**
Transactions with owners, recorded directly in equity				
Issue of share capital – total transactions with owners	24	**4,000,000**	-	**4,000,000**
Balance as at 31 December 2025		**19,500,000**	**(3,689,377)**	**15,810,623**

The notes on pages 24 to 83 are an integral part of these financial statements.

Statement of Cash Flows

	Notes	2025 €	2024 €
Cash flows from operating activities			
Cash generated from operating activities	23	**13,507,508**	8,860,643
Tax paid		–	–
Net cash from operating activities		**13,507,508**	8,860,643
Cash flows from investing activities			
Acquisition of property and equipment	13	**(13,584)**	(4,995)
Acquisition of intangible assets	14	**(833,898)**	(639,121)
Acquisition of investments (net of disposals)		**(16,627,202)**	(12,508,929)
Net cash used in investing activities		**(17,474,684)**	(13,153,045)
Cash flows from financing activities			
Proceeds from issue of share capital	24	**4,000,000**	4,000,000
Payment of lease liabilities	15	**(55,425)**	(47,774)
Net cash from financing activities		**3,944,575**	3,952,226
Net (decrease)/increase in cash and cash equivalents		**(22,601)**	(340,176)
Cash and cash equivalents at 1 January		**767,538**	1,107,714
Cash and cash equivalents at 31 December	19	**744,937**	767,538

The notes on pages 24 to 83 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.

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 and in November 2025 was also granted authorisation to passport its Class I business into Norway under freedom of services.

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, (Cap. 386).

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 and reinsurance/ insurance contract assets/ liabilities measured in accordance with IFRS 17.

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 2025

In 2025, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2025. 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 2025, 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.

Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'

In 2024, the International Accounting Standards Board (IASB) issued amendments to IFRS 9 "Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', effective for annual reporting periods beginning on, or after, 1 January 2026. In addition to guidance as to when certain financial liabilities can be deemed settled when using an electronic payment system, the amendments also provide further clarification regarding the classification of financial assets that contain contractual terms that change the timing or amount of contractual cash flows, including those arising from ESG-related contingencies, and financial assets with certain non-recourse features. The Company is undertaking an assessment of the potential impact.

IFRS 18 'Presentation and Disclosure in Financial Statements'

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about an entity's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from that IFRS. In addition, there are three sets of new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of financial information. While IFRS 18 will not change recognition criteria or measurement bases, it may have an impact on presenting information in the financial statements, in particular the income statement and to a lesser extent the cash flow statement. The Company is currently assessing impacts and data readiness before developing a more detailed implementation plan.

2.7 Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows, capital requirements and capital resources.

3 Material accounting policies

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

3.1 Insurance contracts

3.1.1 Aggregation basis

The Company presents disaggregated information about insurance contracts issued by major product line and has identified the below aggregation basis:

- Participating
- Non-Participating

The following table summarises the characteristics of the Company's insurance contracts that are measured under IFRS 17 and the measurement methods.

IFRS 17 aggregation basis	Contracts issued	Measurement Method	Insurance finance income and expense
Non-Participating	Group life and Term life insurance contracts that provide either level or decreasing sum assured coverage for a limited period of time and contracts provided to corporates for the life cover of their employees/ members.	General Measurement Model	Recognised in profit or loss
Participating	Insurance and investment contracts that provide life coverage and allow the policyholder to benefit by participating in the performance of underlying items either through single or regular premium placements.	Variable Fee Approach	Recognised in profit or loss

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.1 Aggregation basis – *continued*

In addition to issuing insurance contracts, the Company holds reinsurance contracts to mitigate certain risk exposures. These are quota share reinsurance contracts backing up the Non-participating policies.

The following table summarises the characteristics of the Company's reinsurance contracts held and the measurement methods.

IFRS 17 aggregation basis	Reinsurance contracts held (underlying risk covered)	Measurement Method	Insurance finance income and expense
Life	Reinsurance contracts covering Term and Group Life underlying insurance contracts.	General Measurement Model	Recognised in profit or loss

3.1.2 Definition and classification of insurance and reinsurance contracts

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis at the contract issue date. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred.

The Company issues contracts under which it accepts significant insurance risk from its policyholders, which are classified as insurance contracts and in relation to contracts that contain an investment element, the Company applies judgement to the determination of insurance contract risk, refer to note 4.1.

The Company holds reinsurance contracts that transfer significant insurance risk or are deemed to transfer significant insurance risk since they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

Investment contracts contain discretionary participation features ("DPF"), whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Company's discretion, potentially significant additional benefits based on the return of specified pools of investment assets.

The Company issues investment contracts with DPF which are linked to the same pool of assets as insurance contracts and have economic characteristics similar to those of insurance contracts. The Company accounts for these contracts applying IFRS 17.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features.

An insurance contract with direct participation features is defined as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

These criteria are assessed at the individual contract level based on the Company's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract takes into account all cash flows within the boundary.

The Company uses judgement to assess whether the amounts expected to be paid to the policyholder constitute a substantial share of the fair value returns on the underlying items.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts - *continued*

3.1.2 Definition and classification of insurance and reinsurance contracts – *continued*

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the amount of the Company's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders), less the Fulfilment Cashflows (FCF) that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the VFA. The VFA modifies the accounting model in IFRS 17 to reflect that the consideration that an entity receives for the contracts is a variable fee.

The contracts under the participating portfolio are classified as direct participating contracts. Such contracts allow policyholders to participate in investment returns with the Company, in addition to compensation for losses from insured risk. These contracts are substantially investment service-related contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders.

3.1.3 Separating components from insurance and reinsurance contracts

The Company assesses its insurance contracts to determine whether they contain any derivatives or investment components or promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services which must be accounted for under a different IFRS than IFRS 17.

At inception, the Company separates the following components from an insurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance contract as a stand-alone instrument; and
- distinct investment components i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

An investment component comprises of the amounts that an insurance contract requires the Company to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for.

After separating any embedded derivatives or distinct investment components, the Company separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

The Company applied, IFRS 17 to all remaining components of the host insurance contract.

The Company issues some contracts which include an embedded derivative (surrender option) and/or investment component (account balance) under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These components have been assessed to meet the definition of a highly related and/or non-distinct component. The surrender option is interrelated with the value of the insurance contract and as such, is not separated. Concerning the account balance, the Company is unable to measure the investment component separately from the contract and the policyholder is unable to benefit from the investment component unless the insurance component is also present and as such they are not separated.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts - *continued*

3.1.3 Separating components from insurance and reinsurance contracts - *continued*

Once the embedded derivatives, investment components and the goods and services components are separated, the Company assesses whether the contract should be separated into several insurance components that, in substance, should be treated as separate contracts.

To determine whether a single legal contract does not reflect the substance of the transaction and its insurance components recognised and measured separately instead, the Company considers whether there is an interdependency between the different risks covered, whether components can lapse independently of each other and whether the components can be priced and sold separately.

When the Company enters into one legal contract with different insurance components operating independently of each other, insurance components are recognised and measured separately applying IFRS 17.

Riders, represent add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at an additional cost, that are issued together with the main insurance contracts and form part of a single insurance contract with all the cash flows within its boundary. The Company has determined that the legal contract, including the supplementary benefits, reflects the substance of the transaction and as such the insurance components are not separated.

Where the Company's reinsurance contracts held covered multiple risks, no separation of the insurance components is made as a result of cashflow interdependencies between the different reinsured risks.

3.1.4 Aggregation level

For insurance contracts issued and reinsurance contracts held, the Company shall identify portfolios of contracts. A portfolio comprises contracts subject to similar risks and managed together.

The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. The Company expects that all contracts within each product line, as defined for management purposes, have similar risks and, therefore, represent a portfolio of contracts when they are managed together. Reinsurance contracts held have been grouped into portfolios taking into consideration the nature of the risk and the type of reinsurance cover.

Each portfolio is sub-divided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied. At initial recognition, the Company segregates contracts based on when they were issued. An annual cohort contains all contracts that were issued within a 12-month period. Each annual cohort is then further disaggregated into three groups of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held into groups of:

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
- remaining contracts in the portfolio, if any.

The Company makes an evaluation of whether a set of contracts can be treated together in making the profitability assessment based on reasonable and supportable information. In the absence of such information the Company assesses each contract individually.

If insurance contracts within a portfolio would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics, the Company may include those contracts in the same group. The Company did not have any such instances.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts - *continued*

3.1.4 Separating components from insurance and reinsurance contracts - *continued*

The determination of whether a contract or a group of insurance contracts issued is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. The Company determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. A similar assessment is done for reinsurance contracts held to determine the contracts for which there is a net gain at initial recognition or whether contracts for which there is not a net gain at initial recognition have a significant possibility of a net gain subsequently.

The composition of groups established at initial recognition is not subsequently reassessed.

3.1.5 Initial Recognition

The Company recognises groups of insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date;
- When the Company determines that a group of contracts becomes onerous.

Concerning onerous contracts such contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

The Company recognises a group of reinsurance contracts held:

- If the reinsurance contracts provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract;
- In all other cases, from the beginning of the coverage period of the first contract in the group.

If the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

The Company adds new contracts to the group when they meet the recognition criteria.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

3.1.6 Contract Boundaries

Insurance contracts

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services.

Cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract, including cash flows for which the Company has discretion over the amount or timing.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.6 Contract Boundaries - *continued*

A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
  - ➢ The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
  - ➢ The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

The Company assesses the contract boundary for the contracts, including any options such as the option to add insurance coverage at a future date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Reinsurance contracts

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the cedant that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive insurance contract services from the reinsurer.

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract. This includes cash flows from insurance contracts that are expected to be issued by the Company in the future if these contracts are expected to be issued within the boundary of the reinsurance contract held.

The Company holds a proportional individual life reinsurance contract which has unlimited duration but also has a cancellability clause for new business with three months' notice, this being effective at 31st December each year. The Company also holds a proportional group life reinsurance contract which has unlimited duration but also has a cancellability clause for new and existing business with three months' notice, this being effective at 31st December each year. Hence, on initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Company expects to issue and cede under the reinsurance contracts within the year.

3.1.7 Insurance acquisition cashflows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group and to renewal groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

A systematic and rational method is also used to allocate insurance acquisition cash flows directly attributable to a portfolio but not to groups of contracts to such groups in the portfolio.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts. The Company does not presently incur costs requiring the recognition of such an asset.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.7 Insurance acquisition cashflows - *continued*

At each reporting date, the Company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Insurance acquisition cash flows assets not yet allocated to a group (if any) are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

An impairment loss is recognised to the extent that the carrying amount of each asset for insurance acquisition cash flows exceeds the expected net cash inflow as determined by the FCF as at initial recognition for the related group of insurance contracts.

3.1.8 Measurement of Insurance contracts issued

The liability for remaining coverage ("LRC") represents the Company's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred (i.e., the obligation that relates to the unexpired portion of the coverage period), comprising (a) fulfilment cash flows relating to future service and (b) the contractual service margin yet to be earned.

The liability for incurred claims ("LIC") includes the Company's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and includes the liability for claims incurred but not yet reported. It also includes the Company's liability to pay amounts the Company is obliged to pay the policyholder under the contract, including repayment of investment components, when a contract is derecognised. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the group at the reporting date.

The carrying amount of a group of insurance contracts at each reporting date is the sum of the LRC and the LIC.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.8 Measurement of Insurance contracts issued - *continued*

3.1.8.1 Measurement on initial recognition of contracts not measured under the PAA

Under the general measurement model ("GMM") and the variable fee approach ("VFA") the Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

Fulfilment Cashflows ("FCF")

FCF comprise unbiased and probability-weighted estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows, plus a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort, that reflect the timing and uncertainty of those future cash flows.

The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
- Payments to policyholders resulting from embedded surrender value options
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes
- Costs incurred for performing investment activities that enhance insurance coverage benefits for the policyholder
- Costs incurred for providing investment-related service to policyholders

The Company updates its estimates at the end of each reporting period using all newly available, as well as historic evidence and information about trends. The Company determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Company considers the most recent experience and earlier experience, as well as other information and expert judgement, especially where empirical data is limited.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.8 Measurement of Insurance contracts issued - *continued*

3.1.8.1 Measurement on initial recognition of contracts not measured under the PAA - continued

Risk Adjustment ("RA")

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The risk adjustment also reflects the degree of diversification benefit the Company includes when determining the compensation it requires for bearing that risk; and both favourable and unfavourable outcomes, in a way that reflects the Company's degree of risk aversion.

The Company uses the value at risk method in estimating the risk adjustment.

Time value of money and Financial risks

The Company adjusts the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows. The discount rates applied to the estimates of the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- are consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity; and
- exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

In determining discount rates for cash flows that do not vary based on the returns of underlying items, the Company uses the 'bottom-up approach' to estimate discount rates.

Contractual Service Margin ("CSM")

The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit the Company will recognise as it provides insurance contract services over the coverage period.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, the CSM is measured as the equal and opposite amount of the net inflow, which results in no gain no loss, arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

The Company determines, at initial recognition, the group's coverage units and allocates the group's CSM based on the coverage units provided in the period.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.8 Measurement of Insurance contracts issued - *continued*

3.1.8.2 ***Subsequent measurement of contracts not measured under the PAA***

Changes in fulfilment cash flows

At the end of each reporting period, the Company updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variables.

Experience adjustments is the difference between:

- The expected cash flow estimate at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows)
- The expected cash flow estimate at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses)

Experience adjustments relating to current or past service are recognized in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments would always relate to current or past service. They are included in profit or loss as part of insurance service expenses. For non-participating contracts, the experience adjustments disclosed in Note 17.2 primarily pertain to the Company incurring lower claims and expenses than projected at the end of the previous financial year. For participating contracts, the experience adjustments disclosed in Note 17.2 primarily pertain to the Company incurring more expenses than projected at the end of the previous financial year.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

a. experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;

b. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph. The impact of change on non-participating insurance policies in 2025 amounted to circa €1.36m (2024: €1.73m) arising from non-financial experience changes, with deviations between projected and realised premiums and commissions being the main contributors to this change;

c. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and

d. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b) and (d) above are measured using discount rates determined on initial recognition (the locked-in discount rates).

For insurance contracts under the GMM, the following adjustments do not adjust the CSM:

a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;

b. changes in the FCF relating to the LIC;

c. experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and

d. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.8 Measurement of Insurance contracts issued - *continued*

3.1.8.2 Subsequent measurement of contracts not measured under the PAA - continued

Adjustments to the CSM - Insurance contracts without direct participation features

For a group of insurance contracts without direct participating features, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group in the reporting period
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
    - ➢ Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
    - ➢ Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The locked-in yield curve is the yield curve applicable at the date of initial recognition of the contracts that joined a group over a 12-month period. Methods and assumptions used to determine the discount rates are described in note 4.1.

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service.

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided.

In determining the amount of the CSM to be released in each period, the Company follows three steps:

- determine the total number of coverage units in the group. The amount of coverage units in the group is determined by considering for each contract the quantity of benefits provided under the contract and the expected coverage period.
- allocate the CSM at the end of the period (before any of it is released to profit or loss to reflect the insurance contract services provided in the period) equally to each of the coverage units provided in the current period and expected to be provided in the future.
- recognise in profit or loss the amount of CSM allocated to the coverage units provided during the period.

The number of coverage units changes as insurance contract services are provided, contracts expire, lapse or surrender and new contracts are added into the group. The total number of coverage units depends on the expected duration of the obligations that the Company has from its contracts, which can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events. In determining a number of coverage units, the Company exercises judgement in estimating the likelihood of insured events occurring and policyholder behaviours to the extent that they affect expected period of coverage in the group, the different levels of service offered across periods and the 'quantity of benefits' provided under a contract.

The Company does not issue insurance contracts generating cash flows in a foreign currency that is different from the functional currency of the Company.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.8 Measurement of Insurance contracts issued - *continued*

3.1.8.2 Subsequent measurement of contracts not measured under the PAA - continued

Adjustments to the CSM - Insurance contracts with direct participation features, measured using the variable fee approach ("VFA")

Direct participating contracts are contracts under which the Company's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items.

The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items which relate to future services.

Hence, the carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - ➢ a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
  - ➢ an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees. The impact of change on participating insurance policies in 2025 amounted to circa €1m (2024 : €0.75m) and was primarily driven by the roll-forward of the existing portfolio, including a reduction in contributions compared to opening estimates.

Onerous Contracts

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

After the loss component is recognised, the Company allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between 'loss component' and 'LRC excluding the loss component'.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.8 Measurement of Insurance contracts issued - *continued*

3.1.8.2 Subsequent measurement of contracts not measured under the PAA - continued

The subsequent changes in the fulfilment cash flows of the LRC to be allocated are:

- insurance finance income or expense from contracts issued,
- changes in risk adjustment for non-financial risk recognised in profit or loss representing release from risk in the period; and
- estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expense in the period.

The Company determines the systematic allocation of insurance service expenses incurred based on the percentage of loss component to the total outflows included in the LRC, excluding any investment component amount.

Any subsequent decreases relating to future service in fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustments for non-financial risk are allocated first only to the loss component, until it is exhausted. Once it is exhausted, any further decreases in fulfilment cash flows relating to future service create the group's CSM.

3.1.9 Measurement of reinsurance contracts held

3.1.9.1 Measurement of the asset for remaining coverage ("ARC")

The same accounting policies are applied as for insurance contracts issued to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts.

Reinsurance contracts measured under the general model ("GMM")

- The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:
- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer
- The Company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition as described below

Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.9 Measurement of reinsurance contracts held - *continued*

3.1.9.1 Measurement of the asset for remaining coverage ("ARC") - continued

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage, adjusts the CSM and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

The loss-recovery component is adjusted for changes in FCFs of the group of reinsurance contracts relating to future services that result from changes in FCFs of the onerous underlying contracts. If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.9 Measurement of reinsurance contracts held - *continued*

3.1.9.2 Subsequent measurement of contracts not measured under the PAA - *continued*

The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and the estimates of the present value of future cash flows for the group(s) of underlying insurance contracts. The Company includes in the estimates of the present value of the future cash flows for the group of reinsurance contracts held the effect of any risk of non-performance by the issuer of the reinsurance contract, including the effects of collateral and losses from disputes.

The risk adjustment for non-financial risk for reinsurance contracts held represents the amount of risk being transferred by the Company to the reinsurer.

3.1.10 Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in:
  - the contract being outside the scope of IFRS 17;
  - a different insurance contract due to separating components from the host contract;
  - a substantially different contract boundary;
  - the contract being included in a different group of contracts;
  - the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification.

If the contract modification does not meet the above conditions the Company treats the effect of the modification as changes in the estimates of fulfilment cash flows.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.11 Investment contracts with discretionary participation features

The Company recognises investment contracts with DPF at the date when the Company becomes a party to the contract. The investment contracts with DPF are aggregated in the same manner as insurance contracts. The Company identifies portfolios of such investment contracts with DPF. Within that portfolio, the Company aggregates them based on three expected profitability levels (groups of onerous contracts, groups of contracts that have no significant possibility of becoming onerous subsequently, and groups that are neither onerous nor have no significant possibility of becoming onerous subsequently). Groups only comprise of contracts issued not more than a year apart.

At initial recognition, similar to insurance contracts, the Company estimates the fulfilment cash flows based on the present value of expected future cash flows and a risk adjustment for non-financial risk. Any expected net inflows are accounted for as the initial CSM.

In estimating future cash flows, the Company considers the contract boundary which only includes cash flows if they result from a substantive obligation of the Company to deliver cash at a present or future date.

In estimating the risk adjustment for non-financial risk for investment contracts with DPF, the Company considers other non-financial risks, such as the risks arising from the contract holder behaviour, e.g. lapse risk and expense risk.

The Company discounts cash flows using discount rates that reflect the characteristics of the fulfilment cash flows, including the extent of their dependency on the fair value of the underlying items.

The Company allocates the CSM over the group's whole duration period in a systematic way reflecting the transfer of investment services under a contract. The Company measures investment contracts with DPF at initial recognition as detailed in 3.1.8.1 "Measurement on initial recognition of contracts not measured under the PAA" and at subsequent measurement in accordance to 3.1.8.2 "Subsequent measurement of contracts not measured under PAA" "Adjustments to the CSM – Insurance contracts with direct participation features".

3.1.12 Presentation

The Company presents separately in the statement of financial position the carrying amount of portfolios of:

- insurance contracts and investment contracts with DPF issued that are assets,
- insurance contracts and investment contracts with DPF issued that are liabilities,
- reinsurance contracts held that are assets,
- reinsurance contracts held that are liabilities.

The Company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Company disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion.

The Company separately presents net income or expenses from reinsurance contracts held from the expenses or income from insurance contracts and investment contracts with DPF issued.

3.1.12.1 Insurance Service Revenue

The Company's insurance revenue depicts the provision of coverage and other services arising from a group of insurance contracts and investment contracts with DPF at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts and a group of investment contracts with DPF is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Company adjusted for financing effect (the time value of money) and excluding any investment components).

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.12 Presentation - *continued*

3.1.12.1 ***Insurance Service Revenue*** *- continued*

The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of amounts relating to changes in the liability for remaining coverage:

a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:

- amounts allocated to the loss component;

- repayments of investment components and policyholder rights to withdraw an amount;

- amounts of transaction-based taxes collected in a fiduciary capacity;

- insurance acquisition expenses; and

- amounts related to the risk adjustment for non-financial risk (see (b) below)

b) the risk adjustment for non-financial risk related to current service, excluding any amounts allocated to the loss component of the liability for remaining coverage, changes included in insurance finance income (expenses) and changes that relate to future coverage (which adjust the CSM);

c) the CSM release measured based on coverage units provided

d) experience adjustments – arising from premiums received in the period other than those that relate to future service; and

e) other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount, as insurance service revenue and an equal amount as insurance service expenses.

3.1.12.2 ***Loss Component***

The Company groups contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company establishes a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

3.1.12.3 ***Insurance Service Expenses***

Insurance service expenses arising from insurance contracts and investment contracts with DPF are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other directly attributable insurance service expenses: For some life risk contracts, incurred claims also include premiums waived on detection of critical illness.
- Amortisation of insurance acquisition cash flows
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.1 Insurance contracts – *continued*

3.1.12 Presentation - *continued*

3.1.12.4 Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts and investment contracts with DPF arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

For contracts measured under the GMM insurance finance income or expenses reflect interest accreted on the future cash flows and the CSM and the effect of changes in interest rates and other financial assumptions.

For contracts measured under the VFA insurance finance income or expenses comprise changes in the measurement of the groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance financial income or expenses.

The Company has an accounting policy choice to either present all of the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). The accounting policy choice is applied on a portfolio-by-portfolio basis. The Company does not disaggregate insurance finance income or expenses between the profit or loss and the OCI and instead presents them in their entirety in profit or loss.

3.1.12.5 Net income or expense from reinsurance contracts held

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.2 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.

3.3 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.

3.4 Leases

Company as a lessee

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 occupies an office space in Centris Business Gateway II, having a lease period of 8 years expiring on 30 April 2031. The term of the lease is not subject to any extension option.

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.

Notes to the Financial Statements

3 Material accounting policies - *continued*

3.5 Property and equipment

3.5.1 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.

3.5.2 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.

3.5.3 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

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; and
- adequate technical, financial and other resources to complete the development and to use the asset, and that the software is available.

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.

Notes to the Financial Statements

3 Material accounting policies – *continued*

3.7 Intangible assets - *continued*

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 Material 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

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 Material 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 Material 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 derecognised 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 Material 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

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 and receivables from discretionary portfolio managers are 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.

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.

Notes to the Financial Statements

3 Material accounting policies – *continued*

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 Insurance contracts

The estimation of future benefit payments (including expenses) and premiums arising from insurance contracts are the Company's most critical accounting estimate. The determination of the liabilities is dependent on estimates made by the Company.

Insurance contracts - definition and classification

The Company has applied judgment to determine whether contracts are within the scope of IFRS 17 and, for contracts determined to be within the scope of IFRS 17, what measurement model is applicable. Specifically, contracts determined to be within the scope of IFRS 17 are assessed on whether they meet the definition of an insurance contract with direct participation features (subject to IFRS 17 criteria). The single premium and the regular premium participating type contracts issued by the Company are classified as investment contracts with discretionary participation features. All other contracts issued by the Company are insurance contracts. With respect to contracts with unit linked participating features, the Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Insurance contracts unit of account

The Company is required to aggregate insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. Concerning the life long-term contracts, the Company applies its judgment to determine the appropriate level at which reasonable and supportable information is available on initial recognition to distinguish contracts between the three possible groups.

Measurement of future cash flows

The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, and also from applicable law and regulation. Cash flows are considered to be outside of the contract boundary if the Company has the practical ability to reprice existing contracts to reflect their reassessed risks and if the contract's pricing for coverage up to the date of reassessment considers only the risks till that next reassessment date.

The following significant assumptions were used when estimating future cash flows:

- Mortality rates

Mortality risks are inherent in most lines of business.

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 years of operation, the Company bases these estimates on the mortality tables provided by its reinsurer adjusted to reflect the own experience and related data captured so far. For unit linked contracts, CMI (Continuous Mortality Investigation) rate tables have been used. 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. Refer to sensitivity analysis in Note 5.1.

Notes to the Financial Statements

4 Critical accounting estimates and judgements – *continued*

4.1 Insurance contracts – *continued*

- Expenses

Assessment of directly attributable cash flows

The Company applies judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to either the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. The Company also considers as attributable cash flows fixed and variable overheads directly attributable to the fulfilment of insurance contracts. Should the directly attributable expense allocation increase by 10% this would negatively impact the CSM by circa €1.6m (2024: €1.2m).

Expense basis for cashflow projections

The Company performs a detailed expense investigation, at least on an annual basis, to determine the expense assumptions used in the cashflow projections. The expense basis is set in accordance with the budgeted attributable expenses and the projected volumes of business. The Company also determines an assumption for the future expense inflation.

Given that the Company is in its initial years of operation, the per policy expenses are derived on the basis of budgeted expenses to be incurred including consideration of future, more stable, level of in-force policy volumes in the short to medium term. The volumes were derived from the Company's approved business plan and forecast. On the basis of a normalised state of growth to be achieved over the short to medium term, the fixed expense per policy applied to the unit linked whole of life and with profit products was €35, €40 on the protection business and €20 on protection riders and pension products. In addition to the foregoing, a variable charge computed as a percentage of premium of 2.5%, 3.9%, 3.5% and 1% is applied to the with profit products, protection business, whole of life and pension products respectively. Whole of life and with profit products are also charged with a variable percentage cost of 0.35% of their respective fund value. Assumptions remained unchanged from prior year, except for the whole of life product assumptions due to the product being launched in this financial year. Refer to sensitivity analysis in Note 5.1.

- Lapse and surrender rates

Lapse and surrenders assumptions relate to the rate by which policyholders cancel/surrender their policies. The assumptions are set in line with recent Company experience, by adjusting for expected improvements/deteriorations where necessary. The rates vary by product and duration in force. When internal experience is not sufficient, the assumptions are set with reference to industry experience. Refer to sensitivity analysis in Note 5.1.

- Discount rates

Long term life insurance and investment contracts with DPF liabilities are calculated by discounting expected future cash flows. The Company uses the bottom-up approach in determining the discount rates and hence uses a risk-free rate, plus an illiquidity premium. Risk free rates are determined by reference to the European Insurance and Occupational Pensions Authority (EIOPA) yields and the illiquidity premium is determined using EIOPA's volatility adjustment.

The discount rates that were used to discount the estimates of future cash flows are as follows:

1 Year		3 Years		5 Years		10 Years		20 Years	
2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
2.216%	2.466%	**2.663%**	2.323%	**2.992%**	2.460%	**3.635%**	2.713%	**3.634%**	2.318%

- Risk adjustments for non-financial risk

The risk adjustment for non-financial risk is determined to reflect the compensation that the Company requires for bearing non-financial risk and its degree of risk aversion. The risk adjustment is determined using a confidence level technique and specifically the scalar approach method with its target confidence level set at 80 percent, which represents the Company's degree of risk aversion. The one-year 80th percentile level of stress corresponds to 60th percentile level based on an ultimate view of risk over all future years. The Company will then use the Marginal method for the allocation of the risk adjustment to the various groups.

- CSM

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the Company, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year.

Notes to the Financial Statements

4 Critical accounting estimates and judgements - *continued*

4.1 Insurance contracts – *continued*

The number of coverage units is the quantity of services provided by the contracts in the Company, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date. The Company determines the coverage units for its participating and non-participating contracts on the basis of the benefits payable on death, including any investment components, and the respective probability of each insurance contract. For reinsurance contracts held, the CSM amortisation reflects the level of service received and depends on the number of underlying contracts in-force.

4.2 Deferred tax assets

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimation of deferred tax assets amounting to €1,297,343 as at 31 December 2025 (2024: € 1,297,343) against which it is probable that future taxable profit will be available for it to be utilised is a critical accounting estimate. The company has incurred losses over the initial years of operation and the directors have concluded that it is reasonable to recognise a deferred tax asset. In making their assessment, the directors have considered the estimated future taxable income based on the company's approved business plan and forecast; and that in terms of the tax laws in Malta, the losses can be carried forward indefinitely. The directors expect that the company will generate taxable profits in the medium term to be able to absorb the losses underlying the deferred tax asset. Should the projected profits before tax be 20% worse than expected, this would require an impairment of €107,910.

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 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.

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. For all contracts except unit linked, the Company uses appropriate base tables of standard mortality obtained from its reinsurer according to the type of contract being written. For unit linked contracts, CMI (Continuous Mortality Investigation) rate tables have been used.

Notes to the Financial Statements

5 Management of insurance and financial risk - *continued*

5.1 Insurance and Investment risk – *continued*

The Company monitors insurance risk per class of business. An analysis of the Company's insurance and reinsurance risk concentrations is provided in the following tables.

2024

	Note	Insurance contracts issued €	Reinsurance contract held €	Net €
Non-Participating	17	441,876	(505,022)	(63,146)
Participating	17	20,783,655	-	20,783,655
Total		**21,225,531**	**(505,022)**	**20,720,509**

2025

	Note	Insurance contracts issued €	Reinsurance contract held €	Net €
Non-Participating	17	1,572,893	(1,390,644)	182,249
Participating	17	34,491,574	-	34,491,574
Total		**36,064,467**	**(1,390,644)**	**34,673,823**

Sensitivity analysis

Life business

The table below analyses how the CSM, profit or loss and equity would have increased (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both gross and net of reinsurance held and is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice.

Key assumption	**Change in assumption**	**Impact on CSM** €	**Impact on profit before tax** €	**Impact on equity** €
Year ended 2024				
Insurance contract liabilities				
Mortality rates	+5%	(1,065,553)	4,880	3,172
Mortality rates	- 5%	1,070,002	(1,238)	(805)
Expenses	+10%	(1,100,159)	(123,889)	(80,528)
Expenses	-10%	1,116,339	102,799	66,819
Lapse rates	+10%	(1,134,701)	27,604	17,943
Lapse rates	-10%	1,213,270	(28,858)	(18,758)
Reinsurance contract assets				
Mortality rates	+5%	777,467	(17,713)	(11,513)
Mortality rates	-5%	(778,976)	17,869	11,615
Lapse rates	+10%	63,256	(5,723)	(3,720)
Lapse rates	-10%	(68,190)	6,018	3,912
Year ended 2025				
Insurance contract liabilities				
Mortality rates	**+5%**	**(1,476,795)**	**(74,322)**	**(48,310)**
Mortality rates	**- 5%**	**1,485,852**	**84,468**	**54,904**
Expenses	**+10%**	**(1,604,603)**	**(67,570)**	**(43,921)**
Expenses	**-10%**	**1,624,275**	**42,751**	**27,788**
Lapse rates	**+10%**	**(1,657,730)**	**(4,970)**	**(3,230)**
Lapse rates	**-10%**	**1,777,977**	**5,278**	**3,431**
Reinsurance contract assets				
Mortality rates	**+5%**	**1,079,451**	**83,654**	**54,375**
Mortality rates	**-5%**	**(1,082,643)**	**(84,038)**	**(54,625)**
Lapse rates	**+10%**	**77,761**	**12,565**	**8,168**
Lapse rates	**-10%**	**(83,236)**	**(13,361)**	**(8,685)**

Notes to the Financial Statements

5 Management of insurance and financial risk - *continued*

5.1 Insurance and Investment risk – *continued*

Group Life business

For group life business the table below presents the impact on gross and net liabilities, profit and equity for reasonably possible movements in key assumptions with all other assumptions held constant.

Key assumption	Change in assumption	Impact on profit gross of reinsurance €	Impact on profit net of reinsurance €	Impact on equity gross of reinsurance €	Impact on equity net of reinsurance €
Year ended 2024					
expected losses	+10%	(11,479)	(3,731)	(7,461)	(2,425)
expected losses	-10%	11,406	3,659	7,414	2,378
Year ended 2025					
expected losses	+10%	(21,673)	(6,506)	(14,087)	(4,229)
expected losses	-10%	21,612	6,445	14,048	4,189

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.

5.2.1 General nature of participation feature and unit-linked (pensions) participating policies

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 would lead to a loss to the shareholders.

The Company also offers pension insurance products – unit linked policies with significant insurance risk. The nature of these policies is such that financial risk is mitigated by the participating nature of the policies.

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 minimizes 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.

Notes to the Financial Statements

5 Management of insurance and financial risk – *continued*

5.2 Financial risk – *continued*

5.2.2 Market risk – *continued*

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 €1,915,427 (2024: €2,086,999) and a sensitivity analysis is presented below.

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

	2025	2024
	€	€
Exchange of exposure		
CHF	**178,324**	67,892
USD	**1,080,921**	1,202,961
GBP	**445,707**	396,702
NOK	**119,784**	119,406
BRL	-	61,997
IDR	-	133,887
JPY	**90,691**	104,154

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 net assets for the year	
	2025	2024
	€	€
+100 basis points shift in yield curves	**(212,144)**	(198,762)
-100 basis points shift in yield curves	**70,138**	71,025

In relation to the currency risk, the following sensitivity displays effect on assets

	Exposure as a % of NAV	Currency exchange movement	+/- impact as a % of NAV
CHF			
31 December 2025	**1.14%**	**+/- 10%**	**+/- 0.11%**
31 December 2024	0.47%	+/- 10%	+/- 0.05%
USD			
31 December 2025	**6.92%**	**+/- 10%**	**+/- 0.69%**
31 December 2024	8.30%	+/- 10%	+/- 0.83%
GBP			
31 December 2025	**2.85%**	**+/- 10%**	**+/- 0.29%**
31 December 2024	2.74%	+/- 10%	+/- 0.27%
NOK			
31 December 2025	**0.77%**	**+/- 10%**	**+/- 0.08%**
31 December 2024	0.82%	+/- 10%	+/- 0.08%

Notes to the Financial Statements

5 Management of insurance and financial risk – *continued*

5.2 Financial risk – *continued*

5.2.2 Market risk – *continued*

BRL			
31 December 2025	**0.00%**	**+/- 10%**	**+/- 0.00%**
31 December 2024	0.43%	+/- 10%	+/- 0.04%
IDR			
31 December 2025	**0.00%**	**+/- 10%**	**+/- 0.00%**
31 December 2024	0.92%	+/- 10%	+/- 0.09%
JPY			
31 December 2025	**0.58%**	**+/- 10%**	**+/- 0.06%**
31 December 2024	0.72%	+/- 10%	+/- 0.07%

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:

– reinsurance contract assets;

– investment portfolios of debt securities; 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.

Other receivables amount to €547,778 (2024: €356,462). This balance includes cash held with discretionary portfolio managers amounting to €148,840 (2024: €72,880) for investing activities. Accrued interest amounting to €111,920 (2024: €97,032) follows a similar rating profile to debt securities below.

Cash and cash equivalents held with third party banks amount to €744,937 (2024: €767,538). 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 considers both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2025 and 2024 cash deposits were held with reputable counterparties and were due on demand. Management considers 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 recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the company.

Notes to the Financial Statements

5 Management of insurance and financial risk - *continued*

5.2 Financial risk - *continued*

5.2.3 Credit risk - *continued*

The following table presents the analysis of reinsurance contract assets and financial investments, ie. debt securities and collective investment schemes that only invest in debt securities by rating agency (Standard and Poor's Rating Agency):

Financial Investments

	2025	2024
	€	€
Reinsurance contract assets		
AA+	**1,390,644**	505,022
Financial investments		
AAA	**1,006,694**	1,391,919
AA+ to AA-	**1,702,546**	1,397,228
A+ to A-	**5,891,251**	3,836,182
BBB+ to BBB-	**5,711,321**	6,320,755
BB+ to B-	**6,871,899**	5,267,356
Unrated	**341,335**	221,700
Total	**21,525,046**	18,435,140

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.

Maturity analysis for insurance and reinsurance contract assets and liabilities

The table below presents a maturity analysis of the portfolios of insurance and reinsurance contracts based on the estimated timing of the remaining expected undiscounted cash flows.

As at 31 December 2024

	Undiscounted net future cash flows						
	1 year or less €	**1-2 years** €	**2-3 years** €	**3-4 years** €	**4-5 years** €	**More than 5 years** €	**Total** €
Non-Participating	1,510,115	1,930,926	1,720,630	1,528,900	1,352,600	3,024,215	11,067,385
Participating	9,622,986	9,711,245	9,360,493	8,896,209	8,529,822	(137,234,137)	(91,113,383)
Total	11,133,101	11,642,170	11,081,123	10,425,109	9,882,422	(134,209,923)	(80,045,998)

As at 31 December 2025

	Undiscounted net future cash flows						
	1 year or less €	**1-2 years** €	**2-3 years** €	**3-4 years** €	**4-5 years** €	**More than 5 years** €	**Total** €
Non-Participating	**1,774,155**	**2,451,576**	**2,189,577**	**1,951,904**	**1,729,816**	**3,121,954**	**13,218,982**
Participating	**16,481,316**	**16,212,540**	**15,517,534**	**14,867,095**	**13,928,495**	**(286,451,240)**	**(209,444,260)**
Total	**18,255,471**	**18,664,116**	**17,707,111**	**16,818,999**	**15,658,311**	**(283,329,286)**	**(196,225,278)**

Notes to the Financial Statements

5 Management of insurance and financial risk - *continued*

5.2 Financial risk - *continued*

5.2.4 Liquidity risk - *continued*

The following table shows the contractual maturity of the Company's financial assets as at reporting date.

As at 31 December 2024

	No fixed maturity	*Due within 3 months*	*Due between 3 and 12 months*	*Due between 1 and 5years*	*Due after 5years*	*Total*
	€	€	€	€	€	€
Financial investments	19,226,178	1,057,813	866,751	3,944,627	3,039,403	28,134,772
Cash held with discretionary portfolio managers	72,880	-	-	-	-	72,880
Cash	767,538	-	-	-	-	767,538
	20,066,596	1,057,813	866,751	3,944,627	3,039,403	28,975,190

As at 31 December 2025

	No fixed maturity	*Due within 3 months*	*Due between 3 and 12 months*	*Due between 1 and 5years*	*Due after 5years*	*Total*
	€	€	€	€	€	€
Financial investments	**36,411,519**	**799,848**	**1,335,063**	**3,221,044**	**4,774,629**	**46,542,103**
Cash held with discretionary portfolio managers	**148,840**	-	-	-	-	**148,840**
Cash	**744,937**	-	-	-	-	**744,937**
	37,305,296	**799,848**	**1,335,063**	**3,221,044**	**4,774,629**	**47,435,880**

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 €4,000,000 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.

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 – *continued*

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 2025, the Company's eligible own funds amounting to €24,883,545 (2024: €17,917,377) adequately covered the required SCR.

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

6 Insurance Revenue

The following tables present an analysis of the insurance revenue recognised in the period.

For the year ended 31 December 2024

	Non-Participating	Participating	**Total**
	€	€	€
Contracts not measured under the PAA			
Amounts relating to changes in liabilities for remaining coverage:			
- Expected incurred claims and other insurance service expenses	1,844,173	124,217	1,968,390
- Change in risk adjustment for the non-financial risk expired	117,049	5,378	122,427
- Contractual service margin for the services provided	943,966	48,416	992,382
Recovery of insurance acquisition cash flows	514,735	53,330	568,065
Total	**3,419,923**	**231,341**	**3,651,264**

For the year ended 31 December 2025

	Non-Participating	**Participating**	**Total**
	€	€	€
Contracts not measured under the PAA			
Amounts relating to changes in liabilities for remaining coverage:			
- Expected incurred claims and other insurance service expenses	2,717,504	366,669	3,084,173
- Change in risk adjustment for the non-financial risk expired	155,569	11,434	167,003
- Contractual service margin for the services provided	1,219,750	122,890	1,342,640
Recovery of insurance acquisition cash flows	670,325	80,109	750,434
Total	**4,763,148**	**581,102**	**5,344,250**

Notes to the Financial Statements

7 Insurance service expenses

The tables below show an analysis of insurance service expenses recognised in the period.

For the year ended 31 December 2024

	Non-Participating	Participating	**Total**
	€	€	€
Incurred claims and other insurance service expenses	1,087,744	359,437	1,447,181
Changes that relate to future service: - losses on onerous contracts and reversals of those losses	29,240	(58,852)	(29,612)
Changes that relate to past service: - changes to liabilities for incurred claims	10,913	(408)	10,505
Amortisation of insurance acquisition cashflows	514,735	53,330	568,065
Total	**1,642,632**	**353,507**	**1,996,139**

For the year ended 31 December 2025

	Non-Participating	Participating	**Total**
	€	€	€
Incurred claims and other insurance service expenses	2,074,650	600,203	2,674,853
Changes that relate to future service: - losses on onerous contracts and reversals of those losses	(18,812)	(112,011)	(130,823)
Changes that relate to past service: - changes to liabilities for incurred claims	(47,948)	(6,974)	(54,922)
Amortisation of insurance acquisition cashflows	670,325	80,109	750,434
Total	**2,678,215**	**561,327**	**3,239,542**

8 Net expenses from reinsurance contracts held

An analysis of allocation of reinsurance premiums paid and amounts covered from reinsurers, are presented in the tables below:

Reinsurance contracts held

	Non-Participating	
	2025	2024
	€	€
Amounts related to liabilities for remaining coverage		
- Recoveries for expected incurred claims and other expenses	**(1,755,292)**	(1,204,930)
- Risk adjustment for the risk expired	**(11,339)**	(9,224)
- CSM for the service received	**(110,107)**	(84,752)
Reinsurance expenses	**(1,876,738)**	(1,298,906)
Recoveries for incurred claims and other expenses	**1,112,983**	577,615
Changes that relate to future service: - recoveries for losses on onerous contracts and reversals of those losses	**(15,947)**	15,057
Changes that relate to past service: - changes to recoveries of liabilities for incurred claims	**(33,589)**	(14,329)
Amounts recovered from reinsurers	**1,063,447**	578,343
Net expenses from reinsurance contracts held	**(813,291)**	(720,563)

Notes to the Financial Statements

9 Investment income and net insurance financial result

The tables below present an analysis of net investment income and net insurance finance income/(expenses) recognised in profit or loss and OCI in the period:

For the year ended 31 December 2024

	Non-Participating	Participating	Total
	€	€	€
Investment income			
Net gains on FVTPL investments	266,546	1,050,079	1,316,625
Total investment income recognized in profit or loss	**266,546**	**1,050,079**	**1,316,625**
Insurance finance income/(expenses) from insurance contracts issued			
Interest accreted	168,260	-	168,260
Effect of changes in interest rates and other financial assumptions	(74,853)	-	(74,853)
Changes in fair value of underlying items of direct participating contracts	-	(1,050,079)	(1,050,079)
Effect of changes in FCF at current rates when CSM is unlocked at locked in rates	(45,820)	-	(45,820)
Total insurance finance income/(expenses) from insurance contracts issued recognised in profit or loss	**47,587**	**(1,050,079)**	**(1,002,492)**
Insurance finance income from reinsurance contracts issued			
Interest accreted	2,147	-	2,147
Effect of changes in interest rates and other financial assumptions	(7,271)	-	(7,271)
Effect of changes in FCF at current rates when CSM is unlocked at locked in rates	21,249	-	21,249
Total insurance finance income from reinsurance contracts issued recognised in profit or loss	**16,125**	-	**16,125**
Net insurance finance income or expenses	**63,712**	**(1,050,079)**	**(986,367)**

For the year ended 31 December 2025

	Non-Participating	Participating	Total
	€	€	€
Investment income			
Net gains on FVTPL investments	192,816	2,012,388	2,205,204
Total investment income recognized in P&L	**192,816**	**2,012,388**	**2,205,204**
Insurance finance income/(expenses) from insurance contracts issued			
Interest accreted	109,416	-	109,416
Effect of changes in interest rates and other financial assumptions	177,470	-	177,470
Changes in fair value of underlying items of direct participating contracts	-	(2,012,388)	(2,012,388)
Effect of changes in FCF at current rates when CSM is unlocked at locked in rates	(9,020)	-	(9,020)
Total insurance finance income/(expenses) from insurance contracts issued recognised in P&L	**277,866**	**(2,012,388)**	**(1,734,522)**
Insurance finance income from reinsurance contracts issued			
Interest accreted	6,646	-	6,646
Effect of changes in interest rates and other financial assumptions	104,154	-	104,154
Effect of changes in FCF at current rates when CSM is unlocked at locked in rates	4,562	-	4,562
Total insurance finance income from reinsurance contracts issued recognised in P&L	**115,362**	-	**115,362**
Net insurance finance income or expenses	**393,228**	**(2,012,388)**	**(1,619,160)**

Notes to the Financial Statements

10 Expenses

10.1 An analysis of the expenses incurred by the Company in the reporting period is included in the table below.

	2025	2024
	€	€
Payroll expenses	1,251,922	1,063,603
Commissions and other acquisition costs	5,038,910	4,928,435
Depreciation	512,051	375,253
Audit and professional fees	428,321	421,202
Licenses and fees	650,978	479,168
Other	735,385	713,818
Total	8,617,567	7,981,479
Represented by amounts attributed to:		
Insurance acquisition cash flows incurred during the year	5,997,939	5,951,446
Other directly attributable expenses	1,295,244	855,918
Other operating expenses	1,324,384	1,174,116
Total	8,617,567	7,981,479

10.2 Administrative expenses include auditors' remuneration pertaining to the annual statutory audit amounting to €102,882 (2024: €97,792) exclusive of VAT.

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

	2025	2024
	€	€
Tax compliance fees	2,200	2,000
Other assurance services	23,318	22,208
	25,518	24,208

11 Staff costs

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

	2025	2024
	€	€
Salaries and related costs	1,225,945	1,048,711
Social security costs	95,878	78,565
Capitalised salary costs (Note 14)	(69,901)	(63,673)
	1,251,922	1,063,603

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

	2025	2024
	No.	No.
Management and administration	18	14

Notes to the Financial Statements

12 Income tax

Current income taxes amounted to nil for the year ended 31 December 2025. The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2025	2024
	€	€
Profit before tax	**553,077**	90,704
Tax at the applicable rate of 35%	**193,577**	31,746
Tax effect of:		
– Utilisation of tax losses on which deferred tax was not recognised	**(196,857)**	(38,758)
– Other differences	**3,280**	7,012
Tax for the year	**-**	-

Tax payments amounted to nil for the year ended 31 December 2025 (2024: nil).

13 Property and equipment

	Leasehold improvements	*Computer hardware, office equipment, and furniture & fittings*	*Right-of use assets*	*Total*
	€	€	€	€
Cost				
Balance at 1 January 2024	1,436	65,179	384,239	450,854
Additions for the year	-	6,493	-	6,493
Write-off of fully depreciated assets	(1,436)	(3,003)	-	(4,439)
Balance at 31 December 2024	-	68,669	384,239	452,908
Balance at 1 January 2025	-	68,669	384,239	452,908
Additions for the year	-	13,584	-	13,584
Balance at 31 December 2025	**-**	**82,253**	**384,239**	**466,492**
Depreciation				
Balance at 1 January 2024	1,436	43,628	32,020	77,084
Depreciation charge for the year	-	12,485	48,029	60,514
Write-off of fully depreciated assets	(1,436)	(2,628)	-	(4,064)
Balance at 31 December 2024	-	53,485	80,049	133,534
Balance at 1 January 2025	-	53,485	80,049	133,534
Depreciation charge for the year	-	9,298	48,031	57,329
Balance at 31 December 2025	**-**	**62,783**	**128,080**	**190,863**
Carrying amounts				
At 1 January 2024	-	21,551	352,219	373,770
At 31 December 2024	-	15,184	304,190	319,374
At 31 December 2025	**-**	**19,470**	**256,159**	**275,629**

The above assets are substantially non-current in nature.

Notes to the Financial Statements

14 Intangible assets

	Computer software	*Website*	*Total*
	€	€	€
Carrying amount			
Balance at 1 January 2024	1,818,702	-	1,818,702
Additions	575,449	-	575,449
Movements/amortisation through profit or loss:			
– Amortisation and impairment	(362,768)	-	(362,768)
Capitalised salary costs (Note 11)	63,673	-	63,673
Balance at 31 December 2024	2,095,056	-	2,095,056
Balance at 1 January 2025	2,095,056	-	2,095,056
Additions	763,997	-	763,997
Movements/amortisation through profit or loss:			
– Amortisation and impairment	(502,752)	-	(502,752)
Capitalised salary costs (Note 11)	69,901	-	69,901
Balance at 31 December 2025	**2,426,202**	-	**2,426,202**
Cost			
Balance at 1 January 2024	2,448,283	14,697	2,462,980
Balance at 31 December 2024	3,087,404	14,697	3,102,101
Balance at 31 December 2025	**3,921,302**	**14,697**	**3,935,999**
Accumulated amortisation and impairment			
Balance at 1 January 2024	(629,581)	(14,697)	(644,278)
Balance at 31 December 2024	(992,348)	(14,697)	(1,007,045)
Balance at 31 December 2025	**(1,495,100)**	**(14,697)**	**(1,509,797)**

The above assets are substantially non-current in nature.

Notes to the Financial Statements

15 Leases

During 2023 the Company terminated its original lease vacating the offices in Gaba Buildings and entered into a new lease agreement and is now occupying an office space in Centris Business Gateway II, having a lease period of 8 years expiring on 30 April 2031. In 2026 the Company entered into negotiations with its landlord to acquire additional office space whilst retaining the duration of the original lease period. The term of the lease is not subject to any extension option. This note provides information for leases where the Company is a lessee.

	2025	2024
	€	€
Right-of-use assets		
Opening balance	**304,190**	352,219
Amortisation charge	**(48,031)**	(48,029)
Closing net book value	**256,159**	304,190
Lease liabilities		
Opening balance	**334,282**	362,277
Lease payments	**(55,425)**	(47,774)
Interest expense	**16,763**	19,779
Closing net book value	**295,620**	334,282
Current	**45,111**	39,739
Non-current	**250,509**	294,543
	295,620	334,282

Right-of-use assets are recorded under Property and equipment (Note 13) and are non-current in nature.

Notes to the Financial Statements

16 Financial investments

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:

	2025	2024
	€	€
Equity securities – listed	**3,042,405**	2,551,688
Debt securities – fixed interest:		
– Government bonds – listed	**3,980,310**	3,461,826
– Other listed	**6,150,277**	5,516,760
	10,130,587	8,978,586
Collective investment schemes:		
– Bond funds listed	**2,758,331**	2,986,555
– Equity funds listed	**743,738**	650,897
	3,502,069	3,637,452
Assets held to cover linked liabilities		
– Collective investment schemes		
➢ Bond funds listed	**8,636,128**	6,469,999
➢ Equity funds listed	**21,230,914**	6,497,047
	29,867,042	12,967,046
Total	**46,542,103**	28,134,772
Current	**2,134,913**	1,740,399
Non-current	**44,407,190**	26,394,373
	46,542,103	28,134,772
Participating	**43,119,504**	24,988,243
Non-participating	**3,422,599**	3,146,529
	46,542,103	28,134,772

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 reinsurance contracts

The table below sets out the carrying amounts of groups of insurance and reinsurance contract assets and liabilities at the end of reporting date.

	2025			2024		
	Assets €	Liabilities €	Net €	Assets €	Liabilities €	Net €
Insurance contracts issued	**-**	**(36,064,467)**	**(36,064,467)**	**-**	**(21,225,531)**	**(21,225,531)**
Non-Participating	-	(1,572,893)	(1,572,893)	-	(441,876)	(441,876)
Participating	-	(34,491,574)	(34,491,574)	-	(20,783,655)	(20,783,655)
Reinsurance contracts held	**1,390,644**	**-**	**1,390,644**	**505,022**	**-**	**505,022**
Life *(Non-Participating)*	1,390,644	-	1,390,644	505,022	-	505,022
Net	**1,390,644**	**(36,064,467)**	**(34,673,823)**	**505,022**	**(21,225,531)**	**(20,720,509)**

17.1 Reconciliation of changes in insurance contracts by remaining coverage and incurred claims

The table below represent the reconciliation from the opening to the closing balances of the liabilities for the remaining coverage and the liabilities for incurred claims for insurance contracts.

Participating Insurance policies

As at 31 December 2024

	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component €	Loss component €	€	€
Opening assets	-	-	-	-
Opening liabilities	(11,012,855)	(277,264)	(8,501)	(11,298,620)
Net opening balance	**(11,012,855)**	**(277,264)**	**(8,501)**	**(11,298,620)**
Changes in the statement of comprehensive income				
Insurance revenue	***231,341***	**-**	**-**	***231,341***
Insurance service expenses	***(53,330)***	***58,852***	***(359,029)***	***(353,507)***
Incurred claims and other insurance service expenses	-	9,312	(359,437)	(350,125)
Acquisition expenses	(53,330)	-	-	(53,330)
Losses and reversal of losses on onerous contracts	-	49,540	-	49,540
Adjustments to liabilities for incurred claims	-	-	408	408
Insurance service result	**178,011**	**58,852**	**(359,029)**	**(122,166)**
Insurance finance income / expense	(1,050,079)	-	-	(1,050,079)
Investment component	108,525	-	(108,525)	-
Total changes in the statement of comprehensive income	**(763,543)**	**58,852**	**(467,554)**	**(1,172,245)**
Cash flows				
Premium received	(12,502,052)	-	-	(12,502,052)
Claims and other insurance service expenses paid, including investment components	-	-	476,055	476,055
Insurance acquisition cash flows	3,879,178	-	-	3,879,178
Total cash flows	**(8,622,874)**	**-**	**476,055**	**(8,146,819)**
Other movements	**(165,971)**	**-**	**-**	**(165,971)**
Net closing balance	**(20,565,243)**	**(218,412)**	**-**	**(20,783,655)**
Closing assets	-	-	-	-
Closing liabilities	(20,565,243)	(218,412)	-	(20,783,655)
Net closing balance	**(20,565,243)**	**(218,412)**	**-**	**(20,783,655)**

Notes to the Financial Statements

17 Insurance and reinsurance contracts - *continued*

17.1 Reconciliation of changes in insurance contracts by remaining coverage and incurred claims - *continued*

***Participating Insurance policies** – continued*

As at 31 December 2025

	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
	€	€	€	€
Opening assets	-	-	-	-
Opening liabilities	(20,565,243)	(218,412)	-	(20,783,655)
Net opening balance	**(20,565,243)**	**(218,412)**	**-**	**(20,783,655)**
Changes in the statement of comprehensive income				
Insurance revenue	***581,102***	-	-	***581,102***
Insurance service expenses	***(80,109)***	***112,011***	***(593,229)***	***(561,327)***
Incurred claims and other insurance service expenses	-	8,001	(600,203)	(592,202)
Acquisition expenses	(80,109)	-	-	(80,109)
Losses and reversal of losses on onerous contracts	-	104,010	-	104,010
Adjustments to liabilities for incurred claims	-	-	6,974	6,974
Insurance service result	**500,993**	**112,011**	**(593,229)**	**19,775**
Insurance finance income / expense	(2,012,388)	-	-	(2,012,388)
Investment component	267,525	-	(267,525)	-
Total changes in the statement of comprehensive income	**(1,243,870)**	**112,011**	**(860,754)**	**(1,992,613)**
Cash flows				
Premium received	(16,709,885)	-	-	(16,709,885)
Claims and other insurance service expenses paid, including investment components	-	-	859,754	859,754
Insurance acquisition cash flows	3,944,887	-	-	3,944,887
Total cash flows	**(12,764,998)**	**-**	**859,754**	**(11,905,244)**
Other movements	**189,938**	-	-	**189,938**
Net closing balance	**(34,384,173)**	**(106,401)**	**(1,000)**	**(34,491,574)**
Closing assets	-	-	-	-
Closing liabilities	(34,384,173)	(106,401)	(1,000)	(34,491,574)
Net closing balance	**(34,384,173)**	**(106,401)**	**(1,000)**	**(34,491,574)**

Notes to the Financial Statements

17 Insurance and reinsurance contracts - *continued*

17.1 Reconciliation of changes in insurance contracts by remaining coverage and incurred claims - *continued*

Non-Participating Insurance policies

As at 31 December 2024

	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
	€	€	€	€
Opening assets	-	-	-	-
Opening liabilities	(301,740)	(55,358)	(79,624)	(436,722)
Net opening balance	**(301,740)**	**(55,358)**	**(79,624)**	**(436,722)**
Changes in the statement of comprehensive income				
Insurance revenue	***3,419,922***	-	-	***3,419,922***
Insurance service expenses	***(514,735)***	***(29,240)***	***(1,098,657)***	***(1,642,632)***
Incurred claims and other insurance service expenses	-	5,960	(1,087,744)	(1,081,784)
Acquisition expenses	(514,735)	-	-	(514,735)
Losses and reversal of losses on onerous contracts	-	(35,200)	-	(35,200)
Adjustments to liabilities for incurred claims	-	-	(10,913)	(10,913)
Insurance service result	**2,905,187**	**(29,240)**	**(1,098,657)**	**1,777,290**
Insurance finance income / expense	51,985	(4,398)	-	47,587
Investment component	-	-	-	-
Total changes in the statement of comprehensive income	**2,957,172**	**(33,638)**	**(1,098,657)**	**1,824,877**
Cash flows				
Premium received	(5,019,246)	-	-	(5,019,246)
Claims and other insurance service expenses paid, including investment components	-	-	1,117,248	1,117,248
Insurance acquisition cash flows	2,071,967	-	-	2,071,967
Total cash flows	**(2,947,279)**	-	**1,117,248**	**(1,830,031)**
Other – non-cash transfers	-	-	-	-
Net closing balance	**(291,847)**	**(88,996)**	**(61,033)**	**(441,876)**
Closing assets	-	-	-	-
Closing liabilities	(291,847)	(88,996)	(61,033)	(441,876)
Net closing balance	**(291,847)**	**(88,996)**	**(61,033)**	**(441,876)**

Notes to the Financial Statements

17 Insurance and reinsurance contracts - *continued*

17.1 Reconciliation of changes in insurance contracts by remaining coverage and incurred claims - *continued*

***Non-Participating Insurance policies** - continued*

As at 31 December 2025

	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
	€	€	€	€
Opening assets	-	-	-	-
Opening liabilities	(291,847)	(88,996)	(61,033)	(441,876)
Net opening balance	**(291,847)**	**(88,996)**	**(61,033)**	**(441,876)**
Changes in the statement of comprehensive income				
Insurance revenue	***4,763,148***	-	-	***4,763,148***
Insurance service expenses	***(670,325)***	***18,812***	***(2,026,702)***	***(2,678,215)***
Incurred claims and other insurance service expenses	-	16,392	(2,074,650)	(2,058,258)
Acquisition expenses	(670,325)	-	-	(670,325)
Losses and reversal of losses on onerous contracts	-	2,420	-	2,420
Adjustments to liabilities for incurred claims	-	-	47,948	47,948
Insurance service result	**4,092,823**	**18,812**	**(2,026,702)**	**2,084,933**
Insurance finance income / expense	281,366	(3,500)	-	277,866
Investment component	-	-	-	-
Total changes in the statement of comprehensive income	**4,374,189**	**15,312**	**(2,026,702)**	**2,362,799**
Cash flows				
Premium received	(6,664,168)	-	-	(6,664,168)
Claims and other insurance service expenses paid, including investment components	-	-	1,121,878	1,121,878
Insurance acquisition cash flows	2,048,474	-	-	2,048,474
Total cash flows	**(4,615,694)**	-	**1,121,878**	**(3,493,816)**
Other – non-cash transfers	-	-	-	-
Net closing balance	**(533,352)**	**(73,684)**	**(965,857)**	**(1,572,893)**
Closing assets	-	-	-	-
Closing liabilities	(533,352)	(73,684)	(965,857)	(1,572,893)
Net closing balance	**(533,352)**	**(73,684)**	**(965,857)**	**(1,572,893)**

Notes to the Financial Statements

17 Insurance and reinsurance contracts - *continued*

17.2 Reconciliation of the measurement components of insurance contract balances

The table below represents the reconciliation from the opening to the closing balances of the liabilities for insurance contracts by measurement component.

Participating Insurance policies

As at 31 December 2024

	Estimates of present value of future cash flows €	Risk adjustment for non-financial risk €	CSM €	Total €
Opening assets	-	-	-	-
Opening liabilities	(9,678,221)	(237,046)	(1,383,353)	(11,298,620)
Net opening balance	**(9,678,221)**	**(237,046)**	**(1,383,353)**	**(11,298,620)**
Changes in the statement of comprehensive income				
Changes that relate to current services	***(225,908)***	***5,378***	***48,416***	***(172,114)***
CSM recognised for services provided	-	-	48,416	48,416
Risk adjustment recognised for the risk expired	-	5,378	-	5,378
Experience adjustments	(225,908)	-	-	(225,908)
Changes that relate to future services	***8,549,844***	***(948,599)***	***(7,717,676)***	***(116,431)***
Contracts initially recognised in the period	7,435,818	(900,262)	(6,963,740)	(428,184)
Changes in estimates that adjust the CSM	804,160	(50,224)	(753,936)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	309,866	1,887	-	311,753
Changes that relate to past services	***408***	-	-	***408***
Adjustments to liabilities for incurred claims	408	-	-	408
Insurance service result	***8,324,344***	***(943,221)***	***(7,669,260)***	***(288,137)***
Insurance finance expenses	*(1,050,079)*	-	-	*(1,050,079)*
Total changes in the statement of comprehensive income	**7,274,265**	**(943,221)**	**(7,669,260)**	**(1,338,216)**
Cash flows	**(8,146,819)**	-	-	**(8,146,819)**
Net closing balance	**(10,550,775)**	**(1,180,267)**	**(9,052,613)**	**(20,783,655)**
Closing assets	-	-	-	-
Closing liabilities	(10,550,775)	(1,180,267)	(9,052,613)	(20,783,655)
Net closing balance	**(10,550,775)**	**(1,180,267)**	**(9,052,613)**	**(20,783,655)**

Notes to the Financial Statements

17 Insurance and reinsurance contracts - *continued*

17.2 Reconciliation of the measurement components of insurance contract balances - *continued*

***Participating Insurance policies** - continued*

As at 31 December 2025

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	€	€	€	€
Opening assets	-	-	-	-
Opening liabilities	(10,550,775)	(1,180,267)	(9,052,613)	(20,783,655)
Net opening balance	**(10,550,775)**	**(1,180,267)**	**(9,052,613)**	**(20,783,655)**
Changes in the statement of comprehensive income				
Changes that relate to current services	***(225,533)***	***11,434***	***122,890***	***(91,209)***
CSM recognised for services provided	-	-	122,890	122,890
Risk adjustment recognised for the risk expired	-	11,434	-	11,434
Experience adjustments	(225,533)	-	-	(225,533)
Changes that relate to future services	***6,118,001***	***(767,613)***	***(5,056,440)***	***293,948***
Contracts initially recognised in the period	7,021,949	(917,219)	(6,101,369)	3,361
Changes in estimates that adjust the CSM	(1,189,887)	144,958	1,044,929	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	285,939	4,648	-	290,587
Changes that relate to past services	***6,974***	-	-	***6,974***
Adjustments to liabilities for incurred claims	6,974	-	-	6,974
Insurance service result	***5,899,442***	***(756,179)***	***(4,933,550)***	***209,713***
Insurance finance expenses	*(2,012,388)*	-	-	*(2,012,388)*
Total changes in the statement of comprehensive income	**3,887,054**	**(756,179)**	**(4,933,550)**	**(1,802,675)**
Cash flows	**(11,905,244)**	-	-	**(11,905,244)**
Net closing balance	**(18,568,965)**	**(1,936,446)**	**(13,986,163)**	**(34,491,574)**
Closing assets	-	-	-	-
Closing liabilities	(18,568,965)	(1,936,446)	(13,986,163)	(34,491,574)
Net closing balance	**(18,568,965)**	**(1,936,446)**	**(13,986,163)**	**(34,491,574)**

Notes to the Financial Statements

17 Insurance and reinsurance contracts - *continued*

17.2 Reconciliation of the measurement components of insurance contract balances - *continued*

Non-Participating Insurance policies

As at 31 December 2024

	Estimates of present value of future cash flows €	Risk adjustment for non-financial risk €	CSM €	Total €
Opening assets	-	-	-	-
Opening liabilities	8,297,879	(986,312)	(7,748,289)	(436,722)
Net opening balance	**8,297,879**	**(986,312)**	**(7,748,289)**	**(436,722)**
Changes in the statement of comprehensive income				
Changes that relate to current services	***762,390***	***117,048***	***943,966***	***1,823,404***
CSM recognised for services provided	-	-	943,966	943,966
Risk adjustment recognised for the risk expired	-	117,048	-	117,048
Experience adjustments	762,390	-	-	762,390
Changes that relate to future services	***5,077,888***	***(514,610)***	***(4,598,478)***	***(35,200)***
Contracts initially recognised in the period	3,266,650	(472,768)	(2,867,293)	(73,411)
Changes in estimates that adjust the CSM	1,770,170	(38,985)	(1,731,185)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	41,068	(2,857)	-	38,211
Changes that relate to past services	***(10,913)***	-	-	***(10,913)***
Adjustments to liabilities for incurred claims	(10,913)	-	-	(10,913)
Insurance service result	***5,829,365***	***(397,562)***	***(3,654,512)***	***1,777,291***
Insurance finance expenses	***280,562***	***(51,900)***	***(181,076)***	***47,586***
Total changes in the statement of comprehensive income	**6,109,927**	**(449,462)**	**(3,835,588)**	**1,824,877**
Cash flows	**(1,830,031)**	-	-	**(1,830,031)**
Net closing balance	**12,577,775**	**(1,435,774)**	**(11,583,877)**	**(441,876)**
Closing assets	-	-	-	-
Closing liabilities	12,577,775	(1,435,774)	(11,583,877)	(441,876)
Net closing balance	**12,577,775**	**(1,435,774)**	**(11,583,877)**	**(441,876)**

Notes to the Financial Statements

17 Insurance and reinsurance contracts - *continued*

17.2 Reconciliation of the measurement components of insurance contract balances - *continued*

***Non-Participating Insurance policies** - continued*

As at 31 December 2025

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	€	€	€	€
Opening assets	-	-	-	-
Opening liabilities	12,577,775	(1,435,774)	(11,583,877)	(441,876)
Net opening balance	**12,577,775**	**(1,435,774)**	**(11,583,877)**	**(441,876)**
Changes in the statement of comprehensive income				
Changes that relate to current services	***659,244***	***155,569***	***1,219,750***	***2,034,563***
CSM recognised for services provided	-	-	1,219,750	1,219,750
Risk adjustment recognised for the risk expired	-	155,569	-	155,569
Experience adjustments	659,244	-	-	659,244
Changes that relate to future services	***4,678,676***	***(370,922)***	***(4,305,332)***	***2,422***
Contracts initially recognised in the period	3,380,651	(501,202)	(2,947,932)	(68,483)
Changes in estimates that adjust the CSM	1,230,512	126,888	(1,357,400)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	67,513	3,392	-	70,905
Changes that relate to past services	***47,948***	**-**	**-**	***47,948***
Adjustments to liabilities for incurred claims	47,948	-	-	47,948
Insurance service result	***5,385,868***	***(215,353)***	***(3,085,582)***	***2,084,933***
Insurance finance expenses	***552,718***	***(47,766)***	***(227,086)***	***277,866***
Total changes in the statement of comprehensive income	**5,938,586**	**(263,119)**	**(3,312,668)**	**2,362,799**
Cash flows	**(3,493,816)**	**-**	**-**	**(3,493,816)**
Net closing balance	**15,022,545**	**(1,698,893)**	**(14,896,545)**	**(1,572,893)**
Closing assets	-	-	-	-
Closing liabilities	15,022,545	(1,698,893)	(14,896,545)	(1,572,893)
Net closing balance	**15,022,545**	**(1,698,893)**	**(14,896,545)**	**(1,572,893)**

Notes to the Financial Statements

17 Insurance and reinsurance contracts - *continued*

17.3 Reconciliation of changes in reinsurance contracts held by remaining coverage and incurred claims

The tables below represent the reconciliation from the opening to the closing balances of the assets for the remaining coverage and the assets for incurred claims for reinsurance contracts held.

	Remaining coverage		Incurred claims	Total
	Excluding loss-recovery component	Loss-recovery component		
	€	€	€	€
As at 31 December 2024				
Opening assets	251,161	53,622	48,892	353,675
Opening liabilities	-	-	-	-
Net opening balance	**251,161**	**53,622**	**48,892**	**353,675**
Changes in the statement of profit or loss				
Net expenses from reinsurance contracts	(1,298,906)	15,057	563,286	(720,563)
Finance income from reinsurance contracts held recognised in P&L	14,315	1,810	-	16,125
Total changes in the statement of comprehensive income	**(1,284,591)**	**16,867**	**563,286**	**(704,438)**
Cash flows				
Premiums paid	1,346,240	-	-	1,346,240
Amounts received	-	-	(490,455)	(490,455)
Total cash flows	**1,346,240**	**-**	**(490,455)**	**855,785**
Net closing balance	**312,810**	**70,489**	**121,723**	**505,022**
Closing assets	312,810	70,489	121,723	505,022
Closing liabilities	-	-	-	-
Net closing balance	**312,810**	**70,489**	**121,723**	**505,022**

As at 31 December 2025				
Opening assets	312,810	70,489	121,723	505,022
Opening liabilities	-	-	-	-
Net opening balance	**312,810**	**70,489**	**121,723**	**505,022**
Changes in the statement of profit or loss				
Net expenses from reinsurance contracts	(1,876,738)	(15,947)	1,079,394	(813,291)
Finance expenses from reinsurance contracts held recognised in P&L	113,685	1,677	-	115,362
Total changes in the statement of comprehensive income	**(1,763,053)**	**(14,270)**	**1,079,394**	**(697,929)**
Cash flows				
Premiums paid	1,866,604	-	-	1,866,604
Amounts received	-	-	(283,053)	(283,053)
Total cash flows	**1,866,604**	**-**	**(283,053)**	**1,583,551**
Net closing balance	**416,361**	**56,219**	**918,064**	**1,390,644**
Closing assets	416,361	56,219	918,064	1,390,644
Closing liabilities	-	-	-	-
Net closing balance	**416,361**	**56,219**	**918,064**	**1,390,644**

Notes to the Financial Statements

17 Insurance and reinsurance contracts - *continued*

17.4 Reconciliation of measurement components of reinsurance contracts held not measured under the PAA

The table below represents the reconciliation from the opening to the closing balance for each measurement component of reinsurance contracts held.

As at 31 December 2024

	Estimates of present value of future cash flows €	Risk adjustment for non-financial risk €	CSM €	Total €
Opening assets	(560,910)	80,485	834,100	353,675
Opening liabilities	-	-	-	-
Net opening balance	***(560,910)***	***80,485***	***834,100***	***353,675***
Changes in the statement of comprehensive income				
Changes that relate to current services	***(627,316)***	***(9,224)***	***(84,752)***	***(721,292)***
CSM recognised for services received	-	-	(84,752)	(84,752)
Change in risk adjustment for non-financial risk expired	-	(9,224)	-	(9,224)
Experience adjustments	(627,316)	-	-	(627,316)
Changes that relate to future services	***(577,795)***	***28,585***	***564,267***	***15,057***
Contracts initially recognised in the period	(269,039)	36,008	233,031	-
Changes in estimates that adjust the CSM	(308,756)	(7,423)	316,179	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	15,057	15,057
Changes that relate to past services	***(14,329)***	-	-	***(14,329)***
Adjustments to assets for incurred claims	(14,329)	-	-	(14,329)
Net expense from reinsurance contracts	***(1,219,440)***	***19,361***	***479,515***	***(720,564)***
Net finance income from reinsurance contracts	***(7,599)***	***4,144***	***19,581***	***16,126***
Total changes in the statement of comprehensive income	**(1,227,039)**	**23,505**	**499,096**	**(704,438)**
Cash flows	**855,785**	-	-	**855,785**
Net closing balance	***(932,164)***	***103,990***	***1,333,196***	***505,022***
Closing assets	(932,164)	103,990	1,333,196	505,022
Closing liabilities	-	-	-	-
Net closing balance	***(932,164)***	***103,990***	***1,333,196***	***505,022***

Notes to the Financial Statements

17 Insurance and reinsurance contracts - *continued*

17.4 Reconciliation of measurement components of reinsurance contracts held not measured under the PAA - *continued*

As at 31 December 2025

	Estimates of present value of future cash flows €	Risk adjustment for non-financial risk €	CSM €	Total €
Opening assets	(932,164)	103,990	1,333,196	505,022
Opening liabilities	-	-	-	-
Net opening balance	***(932,164)***	***103,990***	***1,333,196***	***505,022***
Changes in the statement of comprehensive income				
Changes that relate to current services	***(642,309)***	***(11,339)***	***(110,107)***	***(763,755)***
CSM recognised for services received	-	-	(110,107)	(110,107)
Change in risk adjustment for non-financial risk expired	-	(11,339)	-	(11,339)
Experience adjustments	(642,309)	-	-	(642,309)
Changes that relate to future services	***(570,664)***	***18,355***	***536,362***	***(15,947)***
Contracts initially recognised in the period	(282,633)	38,815	243,818	-
Changes in estimates that adjust the CSM	(288,031)	(20,460)	292,544	(15,947)
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	-	-
Changes that relate to past services	***(33,589)***	-	-	***(33,589)***
Adjustments to assets for incurred claims	(33,589)	-	-	(33,589)
Net expense from reinsurance contracts	***(1,246,562)***	***7,016***	***426,255***	***(813,291)***
Net finance income from reinsurance contracts	***84,667***	***3,522***	***27,173***	***115,362***
Total changes in the statement of comprehensive income	**(1,161,895)**	**10,538**	**453,428**	**(697,929)**
Cash flows	**1,583,551**	-	-	**1,583,551**
Net closing balance	***(510,508)***	***114,528***	***1,786,624***	***1,390,644***
Closing assets	(510,508)	114,528	1,786,624	1,390,644
Closing liabilities	-	-	-	-
Net closing balance	***(510,508)***	***114,528***	***1,786,624***	***1,390,644***

Notes to the Financial Statements

17 Insurance and reinsurance contracts – *continued*

17.5 Effect of contracts initially recognised in the period

The following tables provide an analysis of insurance contracts initially recognised in the period.

As at 31 December 2024

	Non-Participating Profitable contracts €	**Non-Participating** Onerous contracts €	**Participating** Profitable contracts €	**Participating** Onerous contracts €	**Total** €
Estimates of present value of future cash outflows	**11,109,897**	**428,756**	**8,255,714**	**1,320,238**	**21,114,605**
- Insurance acquisition cash flows	2,007,043	150,882	3,715,535	523,711	6,397,171
- Claims and other insurance service expenses payable	9,102,854	277,874	4,540,179	796,527	14,717,434
Estimates of present value of future cash inflows	**(14,433,423)**	**(371,881)**	**(16,063,217)**	**(1,114,524)**	**(31,983,045)**
Risk adjustment for non-financial risk	**456,232**	**16,536**	**843,763**	**56,499**	**1,373,030**
CSM	**2,867,294**	**-**	**6,963,740**	**-**	**9,831,034**
Losses on onerous contracts at initial recognition	**-**	**73,411**	**-**	**262,213**	**335,624**

Reinsurance contracts held	**Contracts initiated without loss-recovery component Life** €	**Contracts initiated with loss-recovery component Life** €	**Total** €
Estimates of PV of future cash inflows	5,851,611	437,375	6,288,986
Estimates of PV of future cash outflows	(5,558,844)	(461,103)	(6,019,947)
Estimates of PV of future cash outflows	(34,173)	(1,835)	(36,008)
CSM	(329,722)	25,563	(304,159)
Increase in reinsurance contract liabilities from contracts recognised in the period	**(71,128)**	**-**	**(71,128)**

As at 31 December 2025

	Non-Participating Profitable contracts €	**Non-Participating** Onerous contracts €	**Participating** Profitable contracts €	**Participating** Onerous contracts €	**Total** €
Estimates of present value of future cash outflows	**11,748,438**	**438,664**	**8,576,730**	**1,052,518**	**21,816,350**
- Insurance acquisition cash flows	2,137,399	150,297	3,763,681	405,667	6,457,044
- Claims and other insurance service expenses payable	9,611,039	288,367	4,813,049	646,851	15,359,306
Estimates of present value of future cash inflows	**(15,181,118)**	**(386,634)**	**(15,552,530)**	**(908,729)**	**(32,029,011)**
Risk adjustment for non-financial risk	**484,747**	**16,455**	**874,431**	**42,788**	**1,418,421**
CSM	**2,947,933**	**-**	**6,101,369**	**-**	**9,049,302**
Losses on onerous contracts at initial recognition	**-**	**68,485**	**-**	**186,577**	**255,062**

Notes to the Financial Statements

17 Insurance and reinsurance contracts – *continued*

17.5 Effect of contracts initially recognised in the period – *continued*

Reinsurance contracts held	Contracts initiated without loss-recovery component Life €	Contracts initiated with loss-recovery component Life €	Total €
Estimates of PV of future cash inflows	(5,692,741)	(641,903)	(6,334,644)
Estimates of PV of future cash outflows	5,992,575	624,701	6,617,276
Risk adjustment	(36,255)	(2,560)	(38,815)
CSM	(263,579)	19,762	(243,817)
Increase in reinsurance contract liabilities from contracts recognised in the period	-	-	-

17.6 Expected recognition of the contractual service margin

The expected recognition of the CSM remaining at the end of the reporting period in profit or loss is presented below.

As at 31 December 2024

	Less than 1 year €	In 1 to 3 years €	In 4 to 5 years €	>5years €	Total €
Insurance contracts					
Non-Participating	955,335	1,621,736	1,353,098	7,653,708	11,583,877
Participating	88,398	243,969	330,657	8,389,589	9,052,613
Total CSM for insurance contracts	**1,043,733**	**1,865,705**	**1,683,755**	**16,043,297**	**20,636,490**
Reinsurance contracts					
Life	88,550	195,197	162,136	887,313	1,333,196
Total CSM for reinsurance contracts	**88,550**	**195,197**	**162,136**	**887,313**	**1,333,196**

As at 31 December 2025

	Less than 1 year €	In 1 to 3 years €	In 4 to 5 years €	>5years €	Total €
Insurance contracts					
Non-Participating	1,235,302	2,069,269	1,739,321	9,852,653	14,896,545
Participating	159,507	418,105	546,792	12,861,759	13,986,163
Total CSM for insurance contracts	**1,394,809**	**2,487,374**	**2,286,113**	**22,714,412**	**28,882,708**
Reinsurance contracts					
Life	131,798	258,818	216,354	1,179,654	1,786,624
Total CSM for reinsurance contracts	**131,798**	**258,818**	**216,354**	**1,179,654**	**1,786,624**

Notes to the Financial Statements

18 Other receivables

	2025	2024
	€	€
Current portion		
Accrued income and prepayments	**378,178**	262,822
Receivables from discretionary portfolio managers	**148,840**	72,880
Other receivables	**20,760**	20,760
	547,778	356,462

19 Cash and cash equivalents

Balances of cash and cash equivalents are analysed below:

	2025	2024
	€	€
Current portion		
Cash at bank (held at call)	**744,937**	767,538

20 Other payables

	2025	2024
	€	€
Current Portion		
Other payables	**461,722**	273,708
Accrued expenses	**592,204**	384,500
	1,053,926	658,208

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:

	31 December 2025	31 December 2024
	€	€
Property plant and equipment	**1,422**	1,072
Intangible fixed assets	**(592,454)**	(523,623)
Unabsorbed tax losses	**1,888,375**	1,819,894
	1,297,343	1,297,343

21.2 Movement in temporary differences during the year

	31 December 2025	31 December 2024
	€	€
At the beginning of the year	**1,297,343**	1,297,343
Recognised in profit or loss (Note 12)	**-**	-
At 31 December	**1,297,343**	1,297,343

22 Financial assets – 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
	€	€	€	€
At 31 December 2024				
Financial Investments				
Equity securities	2,551,688	–	–	2,551,688
Debt securities	8,978,586	–	–	8,978,586
Collective investment schemes	16,604,498	–	–	16,604,498
At 31 December 2025				
Financial Investments				
Equity securities	3,042,405	–	–	3,042,405
Debt securities	10,130,587	–	–	10,130,587
Collective investment schemes	33,369,111	–	–	33,369,111

Notes to the Financial Statements

23 Cash used in operating activities

	2025	2024
	€	€
Profit/ (loss) before tax	553,077	90,704
Adjustment for:		
Changes in insurance and reinsurance contract assets	(885,622)	(1,430,069)
Changes in insurance and reinsurance contract liabilities	14,838,936	10,768,912
Unrealised fair value movement on investments	(1,773,680)	(923,475)
Depreciation of property and equipment (Note 13)	9,298	11,923
Amortisation of intangible assets (Note 14)	502,752	362,768
Amortisation of right-of-use asset (Note 13)	48,031	48,029
Interest expense on lease liability (Note 15)	16,763	19,779
Other adjustments	(6,683)	36,775
Operating cash flows before movements in working capital	13,302,872	8,985,346
Movements in working capital:		
Other receivables	(191,316)	65,952
Other payables	395,952	(190,655)
Cash generated from operating activities	13,507,508	8,860,643

24 Share Capital

	2025	2024
	€	€
Authorised ordinary shares		
10,500,000 (2024: 14,500,000) Ordinary shares of €1 each	10,500,000	14,500,000
4,875,000 (2024: 3,875,000) Ordinary A shares of €1 each	4,875,000	3,875,000
4,875,000 (2024: 3,875,000) Ordinary B shares of €1 each	4,875,000	3,875,000
4,875,000 (2024: 3,875,000) Ordinary C shares of €1 each	4,875,000	3,875,000
4,875,000 (2024: 3,875,000) Ordinary D shares of €1 each	4,875,000	3,875,000
	30,000,000	30,000,000
Issued ordinary shares		
4,875,000 (2024: 3,875,000) Ordinary A shares of €1 each	4,875,000	3,875,000
4,875,000 (2024: 3,875,000) Ordinary B shares of €1 each	4,875,000	3,875,000
4,875,000 (2024: 3,875,000) Ordinary C shares of €1 each	4,875,000	3,875,000
4,875,000 (2024: 3,875,000) Ordinary D shares of €1 each	4,875,000	3,875,000
	19,500,000	15,500,000

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 April 2025 the shareholders injected an additional €4,000,000 worth of capital contributed to equally by all the shareholders increasing all the classes of Ordinary shares by €1,000,000.

During the year ended 31 December 2025, no dividends were distributed. No final dividends are proposed by the directors of the Company for the year ended 31 December 2025.

As at 31 December 2025, the issued ordinary shares were 100% (2024: 100%) 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. 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 hereunder.

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

	2025	2024
	€	€
Income		
Insurance related activities	**370,327**	345,534
Expenses		
Purchase of insurance covers	**138,009**	113,761
Fees and commissions expense	**673,622**	602,040
Investment management expenses	**126,647**	119,446
Net bank charges	**571**	625
Professional fees	**11,800**	11,800
Other expenses	**650**	650

The remuneration paid to directors for the year ended 31 December 2025 amounted to €121,000 (2024: €121,000). Capital injections made by shareholders are disclosed in Note 24.

25.2 Balances with related parties

Balances with related parties as at 31 December 2025 pertaining to cash at bank (see Note 19) and other direct insurance payables and accruals the total of which amounting to €78,601 (2024 : €68,046).

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 Centris Business Gateway II, Level 1D Triq is-Salib tal-Imriehel, Zone 3, Central Business District, Birkirkara CBD 3020, 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 Company has evaluated subsequent events and determined that there have been no significant events that have occurred that would require adjustments to our disclosures in the financial statements.

IVALIFE Insurance Limited
Registered in Malta: C94404
Registered Office and Head Office:
Centris Business Gateway II, Level 1D
Triq is-Salib tal-Imriehel, Zone 3
Central Business District
Birkirkara CBD 3020 Malta
Telephone: 356 2226 9500
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