

# **Ress Life Investments A/S**

## **Annual Report**

**For the period 1 October 2021 - 30 September 2022**

**Holbergsgade 14, 2. tv., DK-1057 Copenhagen K**

**7 December 2022**

**CVR no. 33 59 31 63**

## **Contents**

<b>Company details</b>	<b>2</b>
<b>Statement by the Board of Directors and Management</b>	<b>3</b>
<b>Independent auditor's report</b>	<b>4</b>
<b>Directors' report</b>	<b>8</b>
Consolidated financial highlights	8
Principal activities	8
Development in activities and finances	9
Development in the fund	9
Outlook	9
Exceptional matters	10
Performance attribution	10
Realized maturities - actual to expected	11
Status on corporate governance recommendations	11
Board of Directors	12
Management	12
Risks	12
Uncertainties regarding the measurement and determination of financial data	12
Capital structure	13
Capital management	13
Corporate Social Responsibility	13
Data Ethics	13
Target figures and policies for the underrepresented gender	13
<b>Financial statements for the period 1 October - 30 September</b>	<b>14</b>
Income statement and statement of comprehensive income	14
Statement of financial position	15
Statement of changes in equity	17
Statement of cash flows	18
Notes to the financial statements	19

## Company details

Name	Ress Life Investments A/S
Address, zip code, city	Holbergsgade 14, 2. tv., DK-1057 Copenhagen K
CVR no.	33 59 31 63
Established	1 April 2011
Registered office	Copenhagen
Financial year	1 October – 30 September
Website	<a href="http://www.resslifeinvestments.com">www.resslifeinvestments.com</a>
E-mail	<a href="mailto:info@resslifeinvestments.com">info@resslifeinvestments.com</a>
Board of Directors	Søren Andersen, Chairman Ketil Poul Petersen Jeppe Buskov Anne Buchardt
Executive Board	Michael Hovard Ekmann
AIF manager	Resscapital AB, Sturegatan 46, SE-114 36 Stockholm, Sweden
Depository	Artha Fondsmæglerselskab A/S, Strandvejen 58, DK-2900 Hellerup, Denmark
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, DK-0900 Copenhagen
Annual General Meeting	The Annual General Meeting is to be held on 5 January 2023 at the Company's registered address.

## Share information

Exchange	Nasdaq Copenhagen
Nominal value per share	EUR 500
Shares outstanding at the balance sheet date	161,964
Share classes	One
Voting rights per share	One
Ticker	RLAINV
ISIN	DK0060315604

## Financial calendar

7 December 2022	Board approval of the Annual Report 2021/22
5 January 2023	Annual General Meeting
22 May 2023	Half-year interim financial statements 2022/23

## Statement by the Board of Directors and Management

The Board of Directors and Management have today discussed and approved the Annual Report of Ress Life Investments A/S, the Group, For the period 1 October 2021 - 30 September 2022.

The consolidated and parent financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in accordance with the Danish Financial Statements Act.

In our opinion the consolidated and parent financial statements give a true and fair view of the Group's and Parent's assets, liabilities and financial position at 30 September 2022 and of the results of the Group's and the Parent's operations and cash flows for the period 1 October 2021 – 30 September 2022.

Further, in our opinion the Directors' report includes a fair review of the development in the Group's activities and financial conditions, of the result for the period, cash flows and financial position and describes the significant risks and uncertainties affecting the Group.

We recommend that the Annual General Meeting approve the Annual Report.

Copenhagen, 7 December 2022  
Management:

.....  
Michael Hovard Ekmann

Board of Directors:

.....  
Søren Andersen  
Chairman of the Board

.....  
Anne Buchardt

.....  
Jeppe Buskov

.....  
Ketil Poul Petersen

## Independent auditor's report

### To the shareholders of Ress Life Investments A/S

#### Opinion

We have audited the consolidated financial statements and the parent financial statements of Ress Life Investments A/S for the financial year 01.10.2021 - 30.09.2022, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2022, and of the results of their operations and cash flows for the financial year 01.10.2021 - 30.09.2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

#### Basis for opinion

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

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

We were appointed auditors of Ress Life Investments A/S for the first time on 13.10.2010 for the financial year 2011/12. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of ten years up to and including the financial year 21/2022.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.10.2021 – 30.09.2022. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent auditor's report

<b><i>Fair value measurement of life settlement contracts</i></b>	
<p>Life settlement contracts (other investments) for the Group amount to USD 303,228 thousand at 30.09.2022. We consider measurement of life settlement contracts a key audit matter as such measurement is based on accounting estimates, including management judgements. Changes in accounting estimates may have a material impact on the measurement of other investments.</p> <p>The most significant management judgements and assumptions comprise:</p> <ul style="list-style-type: none"> <li>• Choice of valuation method</li> <li>• Estimation of future cash flows (premiums and death benefits)</li> <li>• Choice of discount rates</li> <li>• Assessment of life expectancies (mortality assumptions).</li> </ul> <p>Management has described the principles and assumptions used to measure life settlement contracts in more detail in the summary of accounting policies.</p>	<p>Based on our risk assessment, we have audited the fair value measurement of life settlement contracts made by Management.</p> <p>Our audit procedures were as follows:</p> <ul style="list-style-type: none"> <li>• Assessment and testing of key controls related to Management's definition of assumptions, including whether such key controls were in place.</li> <li>• Assessment of the chosen valuation method chosen by Management based on the characteristics of the investments, our knowledge of the industry and history.</li> <li>• Assessment of the most significant management judgements, including test to underlying documentation.</li> </ul>

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

## Independent auditor's report

### **Management's responsibilities for the consolidated financial statements and the parent financial statements**

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Copenhagen, 07.12.2022

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33 96 35 56

**Michael Thorø Larsen**  
State-Authorised Public Accountant  
Identification No (MNE) mne35823

**Rikke Frydkjær Petersen**  
State-Authorised Public Accountant  
Identification No (MNE) mne46616



## Directors' report

### Consolidated financial highlights

USD'000	2021/22	2020/21	2019/20	2018/19	2017/18
---------	---------	---------	---------	---------	---------

#### Key figures

Operating profit/loss	-12,121	-7,410	-6,127	-3,938	-2,575
Financial income and expenses, net	47,017	19,722	18,835	12,899	10,474
Profit/loss for the year	34,896	12,312	12,707	8,964	7,899

Financial assets, non-current	303,228	255,262	192,449	118,792	93,248
Total assets	391,984	283,422	221,122	160,242	101,023
Equity	384,915	281,659	219,268	155,079	99,515

Net asset value per share in USD	2,388	2,159	2,058	1,918	1,797
----------------------------------	-------	-------	-------	-------	-------

#### Financial ratios

Financial assets <i>in percentage of total assets</i>	91.3	92.6	87.0	74.1	92.3
Solvency ratio	98.2	99.4	99.2	96.8	98.4
Return on equity	10.5	4.9	6.8	7.0	8.7

Solvency ratio:  $\frac{\text{Equity} \times 100}{\text{Total assets}}$

Return on equity:  $\frac{\text{Profit/Loss for the year}}{\text{Average equity}}$

### Principal activities

The main activity of the Group is to invest in securities ensuring exposure to the secondary market for US life insurance policies, also known as life settlements. The investment strategy is primarily pursued through investments in life settlements.

The Parent Company is an Alternative Investment Fund ("AIF") as defined in the Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD") and the Danish Act on Managers of Alternative Investment Funds.

The Group is marketed towards professional investors as defined in the European Union's MiFID Directive (Markets in Financial Instruments Directive), semi-professional investors where permitted. Ress Capital AB holds a license to market, to retail investors in Denmark and Sweden as well.

The Group's Alternative Investment Fund Manager (AIFM) is Resscapital AB, a limited liability company incorporated in Sweden (company no 556698-1253). The Fund Manager's focus is insurance-linked securities with an emphasis on the secondary market for US life insurance policies. The Fund Manager is authorised and supervised as an alternative investment fund manager (AIFM) by Finansinspektionen, the Swedish Financial Supervisory Authority.

All Group announcements are published through Nasdaq GlobeNewswire and can also be found on the Parent Company's website [www.reslifeinvestments.com](http://www.reslifeinvestments.com) under the heading 'Corporate Information'.

## Directors' report

### Development in activities and finances

During the Group's financial year, the net asset value of the Group increased from USD 2,159 per share to USD 2,388 at 30 September 2022. The Annual Report shows a profit of USD 34,896 thousand. Management considers the results of operation for the year satisfactory and within the range of expectations.

During the year, there have been 12 capital increases by a total of 31,342 shares with a nominal value of EUR 500 per share. During the period, 31,342 new ordinary shares were issued and 4,161 shares were bought back from investors and 3,541 were resold to investors.

### Development in the fund

As of 30 September 2022, all life settlement assets were owned directly by the Group. The Group owned 495 policies issued by over 65 different US life insurance companies. The total face value of the policies exceeds USD 1,250 million.

During the fiscal year the fund experienced 22 policies paying out with a total 85.9 MUSD in face amount. The actual number of maturities is in line with expected maturities.

The portfolio is still growing and therefore the volatility in actual-to-expected ratios is expected to gradually decrease as the number of policies in the portfolio increases.

The Fund Manager has communicated that an efficient policy selection process combined with conservative medical underwriting, results in the Company purchasing a very small sub-set of reviewed policies. As a result, in the Fund Manager's view the Company has assembled a robust portfolio with limited tail risks.

### Outlook

The assets of the Group have grown from USD 283.4 million to USD 391.9 million during the fiscal year. The outlook for further growth is positive and the Fund Manager has communicated to the Group that it expects to continue increasing the assets.

The net return on equity was 10.5% during the fiscal year. The value per share in the Group is also expected to continue to increase as insured individuals are getting older and policy pay-outs increase. We have not yet seen a notable negative effect on the valuation of life settlements from the higher interest rate environment, but there is a risk that the higher interest rate environment in the future may have a negative effect on the valuation of the Group's portfolio of life settlements.

Due to the nature of the Group and its investments it is difficult to estimate the level of expected future profits. However, the net target returns for the Group is 7.0% in USD per annum and it is reasonable to believe that the yield on the underlying assets is sufficient to reach the target over the long term.

## Directors' report

### Exceptional matters

Management is giving ongoing consideration to the current macroeconomic climate, with an increase in global inflation and a high level of volatility in financial markets. Currently, no material impact on the Group's operation is expected.

No other major post balance sheet events affecting the financial statements have occurred to date.

### Performance attribution

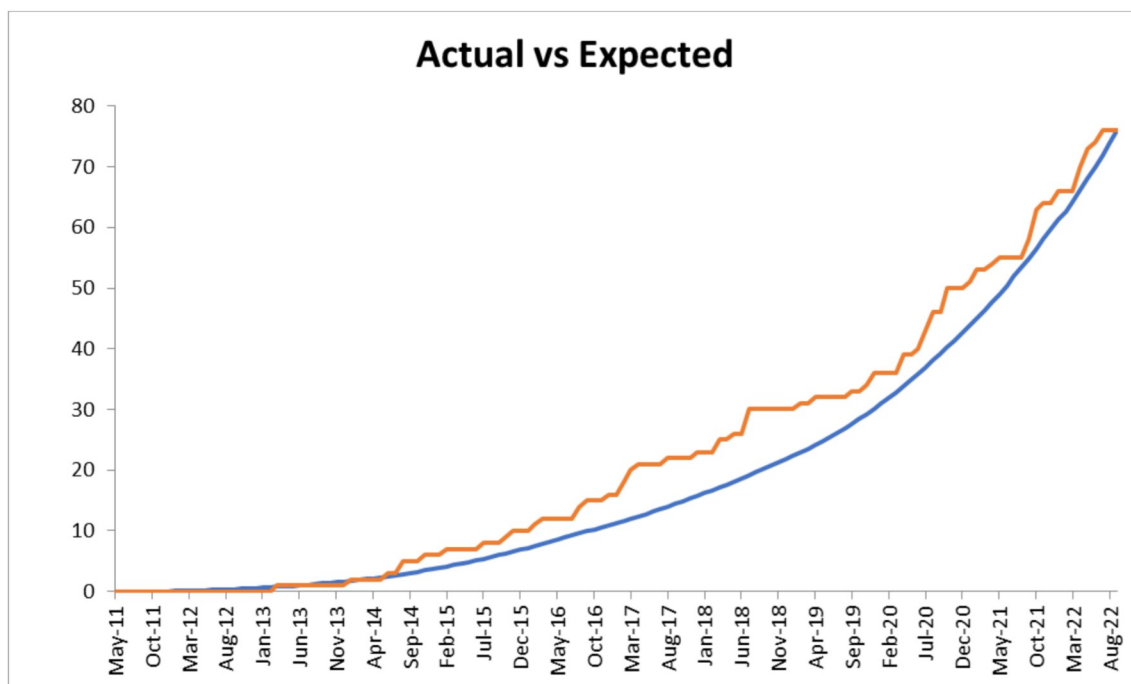
The table below shows the estimated calendar year performance attribution since 2016. 2022 YTD numbers refer to the period 1 January 2022 until 30 September 2022.

Performance 2022-09-30	2017	2018	2019	2020	2021	2022 Ytd
Realised (Maturities & sold policies)	8.48%	9.17%	5.92%	11.53%	7.36%	10.71%
Aging effect	3.44%	1.15%	2.72%	2.08%	2.36%	2.17%
Mtm-adjustment (Chg. in disc. rates)	-1.01%	3.03%	3.74%	-1.30%	0.11%	-0.87%
Valuation policy change	0.00%	1.00%	0.00%	0.00%	0.00%	0.00%
Life Expectancy Updates	0.01%	-0.47%	0.31%	-0.07%	0.00%	-0.02%
Premium prepayments	-0.23%	-0.37%	-0.14%	-0.15%	-0.16%	-0.12%
Premium optimization	0.57%	0.28%	-0.40%	-0.21%	-0.60%	0.08%
COI increases	-0.38%	-0.30%	-0.60%	0.00%	0.00%	0.00%
<b>Gross portfolio performance</b>	<b>10.89%</b>	<b>13.50%</b>	<b>11.55%</b>	<b>11.89%</b>	9.06%	<b>11.95%</b>
Investment factor effect	-0.34%	-0.85%	-1.03%	-1.54%	-0.84%	-1.40%
<b>Net portfolio performance</b>	<b>10.55%</b>	<b>12.65%</b>	<b>10.52%</b>	<b>10.35%</b>	<b>8.22%</b>	<b>10.55%</b>
Fund Costs	-3.78%	-2.74%	-2.53%	-3.14%	-2.92%	-2.56%
<b>Net Fund Performance</b>	<b>6.77%</b>	<b>9.91%</b>	<b>7.99%</b>	<b>7.21%</b>	<b>5.30%</b>	<b>7.98%</b>

## Directors' report

### Realized maturities - actual to expected

Actual to expected figures were in line with expectations. The below graph shows the actual number of maturities (red) versus estimated expectation (blue). The portfolio has experienced more than USD 130 million worth of maturities since inception.



### Status on corporate governance recommendations

The recommendations are best practice guidelines, which companies should generally follow. A company failing to comply with a recommendation must explain why it has deviated from the recommendation and what it has done differently (the "comply or explain" approach). Failure to comply with a recommendation is not considered a breach of rules, but merely implies that the Board of Directors of the Company has chosen a different approach.

By adhering to sound principles of corporate governance, the Company wishes to maintain the confidence of investors, achieve its financial objectives and act with integrity towards all its stakeholders.

The Company's position on the Corporate Governance Recommendations is listed on its webpage: <http://www.resscapital.com/fund/#corporate-information>

## Directors' report

### Board of Directors

Board members are elected for a one-year term and are re-appointed at the Annual General meeting.

Chairman Mr Søren Andersen (born 1967) was elected for the board of directors on 27 August 2019 and obtained chairmanship at the Annual General meeting on 30 January 2020. Mr Andersen is the managing director of S.A. Consulting ApS, FPension A/S, NHMSA ApS and Specialist Services ApS and appointed actuary of ISP Pension. Mr Andersen currently is a board member of FPension A/S. Mr. Andersen does not hold any shares in the Company.

Board member Mr Jeppe Buskov (born 1975) was elected for the board of directors on 28 February 2014. Mr Buskov is a partner in the Danish law firm Kromann Reumert and currently holds the position as chairman of the Board of Directors of KR 647 A/S and KR 649 A/S. Mr. Buskov does not hold any shares in the Company.

Board Member Mr Ketil Petersen (born 1962) was elected for the Board of Directors on 27 August 2019. Mr Petersen is member of the Board of Directors of St. Petri Capital A/S and the managing director of Verismo ApS. Mr. Petersen does not hold any shares in the Company.

Board Member Mrs Anne Buchardt (born 1969) was elected for the Board of Directors on 30 January 2020. Mrs Buchardt is a branch manager at Nordnet Bank, Filial af Nordnet Bank AB, Sweden. Mrs Buchardt is a member of the Board of Directors of PKA+ Pension and Pensionskassen for Sygeplejersker og Lægeseekretærer (PKA) and managing director of Bølgebrus Holding ApS. Mrs. Buchardt does not hold any shares in the Company.

Neither of the members of the Board of Directors or Management hold options, warrants or similar in the Company.

### Management

CEO. Mr Michael Hovard Ekmann is the chairman of the Board of Directors for Investeringsforeningen Fundamental Invest and member of the Board of Directors for R & H A/S. Mr. Ekmann do not hold any shares in the Company.

### Risks

The Board has reviewed the most important strategic and business-related risks. Among the most important risks are; financial risk, i.e. the fact that the value of the life insurance policies can decrease and changes in applicable law, which could adversely affect the Group and its share price and longevity risk, which can affect the yearly returns. Currency risk is another risk factor since the shares are denominated in EUR, the accounting currency is USD and the underlying assets are in USD. Other important risk factors are the liquidity risk, i.e. the fact that the shares may not trade regularly and the Group's dependence on its Alternative Investment Fund Manager and tax risks related to the Group's investments.

### Uncertainties regarding the measurement and determination of financial data

The majority of the Group's assets consist of life settlements. The liquidity of the tertiary market for life settlements is limited and thus it is not certain that the sale of a Life Settlement policy would realize the amount at which the asset is recognised in the consolidated financial statements and the parent financial statements. Life expectancies and fair values are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision.

## Directors' report

### Capital structure

The Group is primarily funded through equity. The Group may raise loans of a maximum of 50% of the Group's total equity.

The Group has no interest in holding treasury shares other than for the purpose of reselling them to new or existing shareholders. Consequently, no policy regarding the possession of treasury share has been established.

### Capital management

The capital of the Group is represented by the net assets attributable to the investors. The Group's objective when managing capital is to safeguard the ability to continue as a going concern in order to provide returns for investors and benefits for other stakeholders as well as maintain a strong capital base to support the development of the investment activities of the Group.

### Corporate Social Responsibility

The business of the Company is limited to investments in US life settlement contracts and treasury bills and has no employees except for the Executive Management, comprising of 1 Executive Board member. The business model is described under Principal activities, where it is referred to. Based on a materiality and risk assessment of the company's business activities within investments of life insurance in US, the company have assessed that it does not have any material risks in relation to human rights, social and labour conditions, climate and environment and anti-corruption. The Company has through its materiality and risk assessment assessed the nature of its investments and concluded that due to the activities characteristics there is no material risk in relation to greenhouse gas emissions. Furthermore, as the markets in which the Company is located and operates in has stringent GDPR-legislation implemented, it is also assessed that risks to human rights and corruption are deemed immaterial. Lastly, as described above, since the Company has no employees expect for upper management the risks related to social and labour conditions has also been assessed immaterial. As such, the Company does not have a corporate social responsibility policy, including one for human rights, social and labour conditions, climate and environment and anti-corruption.

### Data Ethics

The Company has not adopted a policy for data ethics. The Company accepts investment requests from reliable investors and has KYC checks in place.

The Fund Manager has the equivalent policy for data ethics. The Fund Manager is regulated by Finansinspektionen, the Swedish Financial Supervisory Authority and has various policies and procedures in place which ensures data are handled according to relevant legislation.

### Target figures and policies for the underrepresented gender

The Board currently has 1 woman and 3 men. The Board does not consider having an underrepresented gender, Management aside, the Company has no employees, thus also no underrepresented gender in relation to other management levels.

## Financial statements for the period 1 October – 30 September

### Income statement and statement of comprehensive income

Note	USD	Consolidated		Parent Company	
		1 Oct 2021 - 30 Sep 2022	1 Oct 2020 - 30 Sep 2021	1 Oct 2021 - 30 Sep 2022	1 Oct 2020 - 30 Sep 2021
4	Staff costs	-81,386	-93,208	-81,386	-93,208
5	Other operating costs	-12,039,766	-7,316,933	-11,954,214	-7,303,288
	<b>Operating profit/loss</b>	<b>-12,121,151</b>	<b>-7,410,141</b>	<b>-12,035,599</b>	<b>-7,396,496</b>
11	Income from investments in subsidiaries	0	0	26,965	-13,645
6	Financial income	47,178,175	19,782,307	47,061,090	19,782,210
7	Financial expenses	-161,152	-59,884	-156,585	-59,787
	<b>Profit before tax</b>	<b>34,895,871</b>	<b>12,312,282</b>	<b>34,895,871</b>	<b>12,312,282</b>
	Tax on profit for the year	0	0	0	0
	<b>Profit for the year</b>	<b>34,895,871</b>	<b>12,312,282</b>	<b>34,895,871</b>	<b>12,312,282</b>
	Other comprehensive income	0	0	0	0
	<b>Total comprehensive income for the year</b>	<b>34,895,871</b>	<b>12,312,282</b>	<b>34,895,871</b>	<b>12,312,282</b>

There have been no transactions in other comprehensive income.

	30 Sep 2022	30 Sep 2021
Weighted average no. of shares issued	147,964	119,906
Earnings per share (Basic and Diluted)	235.84	102.68

## Financial statements for the period 1 October – 30 September

### Statement of financial position

Note	USD	Consolidated		Parent Company	
		30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
		<b>ASSETS</b>			
		<b>Non-current assets</b>			
		<b>Financial assets</b>			
11	Investments in subsidiaries	0	0	3,013,321	2,086,355
12	Other investments	303,228,365	255,262,257	302,299,565	255,262,257
		<b>303,228,365</b>	<b>255,262,257</b>	<b>305,312,886</b>	<b>257,348,612</b>
	<b>Total non-current assets</b>	<b>303,228,365</b>	<b>255,626,257</b>	<b>305,312,886</b>	<b>257,348,612</b>
		<b>Current assets</b>			
		<b>Receivables</b>			
	Other receivables	0	21,148	0	21,148
13	Prepayments	20,341,869	16,862,921	19,064,846	14,762,952
		<b>20,341,869</b>	<b>16,884,069</b>	<b>19,064,846</b>	<b>14,784,100</b>
		<b>Financial assets</b>			
10	Other investments	54,544,382	4,999,617	54,544,382	4,999,617
		<b>54,544,382</b>	<b>4,999,617</b>	<b>54,544,382</b>	<b>4,999,617</b>
13	Cash and cash equivalents	13,869,359	6,276,718	12,988,742	6,270,564
	<b>Total current assets</b>	<b>88,755,610</b>	<b>28,160,404</b>	<b>86,597,971</b>	<b>26,054,281</b>
	<b>TOTAL ASSETS</b>	<b>391,983,975</b>	<b>283,422,661</b>	<b>391,910,857</b>	<b>283,402,893</b>



## Financial statements for the period 1 October – 30 September

### Statement of financial position

Note	USD	Consolidated		Parent Company	
		30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
8	Contributed capital	95,272,702	77,729,233	95,272,702	77,729,233
	Retained earnings	289,641,874	203,929,833	289,628,554	203,929,833
	Reserve for net revaluation under the equity method	0	0	13,321	0
	<b>Total equity</b>	<b>384,914,576</b>	<b>281,659,066</b>	<b>384,914,576</b>	<b>281,659,066</b>
		<b>Current liabilities</b>			
	Other payables	7,069,399	1,763,595	6,996,281	1,743,828
	<b>Total liabilities</b>	<b>7,069,399</b>	<b>1,763,595</b>	<b>6,996,281</b>	<b>1,743,828</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>391,983,975</b>	<b>283,422,661</b>	<b>391,910,857</b>	<b>283,402,894</b>

- 1 Accounting policies
- 2 Critical accounting judgements, estimates, assumptions and uncertainties
- 3 Segment disclosures
- 9 Contingencies
- 10 Related parties
- 14 Events after the balance sheet date

## Financial statements for the period 1 October – 30 September

### Statement of changes in equity

#### Consolidated

USD	Contributed capital	Retained earnings	Reserve for net revaluation under the equity method	Total
Equity at 1 October 2020	63,319,018	155,949,077	0	219,268,095
Comprehensive income for the period	0	12,312,282	0	12,312,375
Capital increase	14,410,215	35,966,940	0	50,377,155
Redemptions and gain/loss on own shares	0	-298,466	0	-298,466
<b>Equity at 30 September 2021</b>	<b>77,729,233</b>	<b>203,929,833</b>	<b>0</b>	<b>281,659,066</b>
Equity at 1 October 2021	77,729,233	203,929,833	0	281,659,065
Comprehensive income for the period	0	34,895,871	0	34,895,871
Capital increase	17,543,469	52,192,369	0	69,735,839
Redemptions and gain/loss on own shares	0	-1,376,199	0	-1,376,199
<b>Equity at 30 September 2022</b>	<b>95,272,702</b>	<b>289,641,874</b>	<b>0</b>	<b>384,914,576</b>

#### Parent Company

USD	Contributed capital	Retained earnings	Reserve for net revaluation under the equity method	Total
Equity at 1 October 2020	63,319,018	155,949,077	0	219,268,095
Comprehensive income for the period	0	12,312,282	0	12,312,282
Capital increase	14,410,215	35,966,940	0	50,377,155
Redemptions and gain/loss on own shares	0	-298,466	0	-298,466
<b>Equity at 30 September 2021</b>	<b>77,729,233</b>	<b>203,929,833</b>	<b>0</b>	<b>281,659,066</b>
Equity at 1 October 2021	77,729,233	203,929,833	0	281,659,065
Comprehensive income for the period	0	34,882,550	13,321	34,895,871
Capital increase	17,543,469	52,192,369	0	69,735,839
Redemptions and gain/loss on own shares	0	-1,376,199	0	-1,376,199
<b>Equity at 30 September 2022</b>	<b>95,272,702</b>	<b>289,628,553</b>	<b>13,321</b>	<b>384,914,576</b>

## Financial statements for the period 1 October – 30 September

### Statement of cash flows

USD	Consolidated		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Profit for the year	34,895,871	12,312,282	34,895,871	12,312,282
Change in current liabilities	5,305,804	-89,928	5,252,453	-109,696
Change in receivables	-3,457,800	4,861,755	-4,280,746	6,961,724
Unrealised financial income	-47,632,766	-19,738,189	-46,659,731	-19,724,544
<b>Cash flow from operating activities</b>	<b>-9,888,891</b>	<b>-2,654,081</b>	<b>-10,792,189</b>	<b>-560,234</b>
Purchase of financial assets	-180,682,285	-85,068,239	-180,487,485	-87,168,239
Premium payments	-31,179,256	-27,714,828	-31,130,821	-27,714,828
Sales and maturities	160,983,467	64,708,792	160,769,033	64,708,792
<b>Cash flow from investing activities</b>	<b>-50,878,073</b>	<b>-48,074,276</b>	<b>-50,849,273</b>	<b>-50,174,276</b>
Capital increase	70,635,839	50,377,155	69,735,839	50,377,155
Redemption of shareholders	-837,664	-291,766	-837,664	-291,766
Resale of shares	-538,570	-6,700	-538,570	-6,700
<b>Cash flow from financing activities</b>	<b>69,259,605</b>	<b>50,078,688</b>	<b>68,359,605</b>	<b>50,078,688</b>
<b>Net cash flows from operating, investing and financing activities</b>	<b>7,592,640</b>	<b>-649,668</b>	<b>6,718,178</b>	<b>-655,822</b>
Cash and cash equivalents at 1 October	6,276,718	6,926,386	6,270,564	6,926,386
Cash and cash equivalents at 30 September	13,869,359	6,276,718	12,988,742	6,270,564

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 1 Accounting policies

Ress Life Investments A/S is a public limited company registered in Denmark.

The consolidated financial statements and the parent financial statements of Ress Life Investments A/S for the period 1 October 2021 - 30 September 2022 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the provisions in the Danish Financial Statements Act applying to reporting class D.

#### Basis of preparation

The consolidated financial statements and the parent financial statements have been presented in United States Dollars (USD), rounded to the nearest whole USD.

The accounting policies set out below have been applied consistently in respect of the financial year and to comparative figures.

#### Changes to the accounting policies

There have been no changes to the accounting policies in the financial year.

#### Going concern statement

In connection with the financial reporting, the Board of Directors and Management assessed whether the presentation of the annual report under the going concern assumption is well-founded. The Board of Directors and Management have concluded that no such factors exist at the balance sheet date as could raise doubt about the Company's ability to continue as a going concern at least until the next balance sheet date. The conclusion drawn is based on knowledge of the Company, the estimated outlook and the uncertainties and risks identified in this respect (described in the Director's report and note 12) as well as an examination of budgets, including the expected developments in liquidity, capital base, etc., existing credit facilities, including contractual and expected maturity periods, as well as other terms. Thus, it is deemed appropriate, reasonable and well-founded to base the financial reporting on the going concern assumption.

#### Determination of functional currency

The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions.

If indicators of the primary economic environment are mixed, then Management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Management considers the USD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Group measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors. This determination also considers the competitive environment in which the Fund is compared.

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 1 Accounting policies – continued

##### Foreign currency translation

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the rate at the transaction date and the rate at the date of payment are recognised in profit or loss as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the date of the statement of financial position.

The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in profit or loss as financial income or financial expenses.

##### Disclosures of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities to provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

##### Principles of consolidation

The inclusion of the subsidiary Direct Life Capital K/S is within the consolidated financial statements. The consolidated financial statements are prepared on the basis of the Parent Company and the subsidiary, and they are prepared in accordance with the Parent's accounting policies and accounting period. All intragroup assets and liabilities, equity, income expenses and cash flows related to transactions between the Group are eliminated accordingly to IFRS 10. In the preparation of the consolidated financial statements, the book value of shares in subsidiaries held by the Parent Company is set off against the equity of the subsidiaries.

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 1 Accounting policies – continued

##### *Income statement and statement of comprehensive income*

###### **Staff costs**

Staff costs comprise fees to members of the Board of Directors and the Executive Board.

###### **Other operating expenses**

Other operating expenses comprise domiciliary and management fee expenses, professional services fees and other such expenses and are recognised as incurred.

###### **Financial income and expenses**

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from investments in financial assets, financial liabilities and transactions in foreign currencies.

Fair value adjustments are recognised in profit or loss as value adjustments of financial assets under financial income/expenses in the financial year in which the adjustment occurs.

Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

###### **Tax on profit/loss for the year**

The Company is exempt from corporate taxes in Denmark in accordance with the Danish tax rules for Investment Companies as the taxation occurs with the investors instead. Therefore, the Company has no recognition of corporate tax, but immaterial amounts may be recorded in the financial statements in terms of withholding taxes.

##### *Statement of financial position*

###### **Listed bonds**

Listed bonds are measured at fair value. Listed bonds are classified as level 1 investments according to IFRS 13.

###### **Investments in subsidiaries**

Investments in subsidiaries are recognized and measured under the equity method.

The items “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill),

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity.

The reserves are reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognized as USD 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognized in provisions.

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 1 Accounting policies – continued

##### Other investments

The Group classifies its investments in securities and life settlement contracts as financial assets at fair value through profit or loss. These financial assets are classified by Management at fair value through profit and loss at inception.

Financial assets/other investments are measured at fair value through profit and loss in line with the Group's business model and documented investment strategy.

The Group's policy requires the AIF-Manager and Management to evaluate the information about these financial assets on a fair value basis. Assets in this category are classified as non-current assets as they are not expected to be realised within 12 months of the balance sheet date.

Regular purchases and sales of life settlement contracts are recognised at the trade date — the date at which the Group commits to purchase or sell the investment. Financial assets at fair value through profit and loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets at fair value through profit and loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets are presented in the statement of comprehensive income within "other financial income or expenses" in the period in which they arise.

Fair value adjustments of the life settlement investments consist of adjustments based on actuary assumptions on life expectancies (mortality assumptions) and discount rates.

##### Current assets

Prepayments recognised as assets include costs incurred relating to the subsequent financial years and are measured at cost.

##### Current liabilities

Other payables are measured at amortised cost.

Interest-bearing loans are initially measured at the fair value of the proceeds received net of issue costs associated with the borrowing. Subsequently, liabilities are measured at amortised cost using the effective interest method if the time-value of money is significant.

##### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of financial assets is shown separately in cash flows from investing activities.

Cash and cash equivalents comprise cash and short-term marketable securities (maturing in less than three months at the time of acquisition) which are subject to an insignificant risk of changes in value.

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 1 Accounting policies – continued

Cash flows from operating activities are calculated according to the indirect method as the profit/loss after tax adjusted for non-cash operating items, changes in working capital and interest income and expenses.

Cash flows from investing activities include payments in connection with purchase and sale of financial asset investments and realised interest income.

Cash flows from financing activities include changes in the size or composition of share capital and related costs, borrowings and repayment of interest-bearing debt and payment of dividend to shareholders and realised interest expenses.

#### New financial reporting standards

New and amended financial reporting interpretations, issued the IASB, has been evaluated and will not have any impact on the financial statements.

#### 2 Critical accounting judgements, estimates, assumptions and uncertainties

The consolidated financial statements and the parent financial statements are prepared on the basis of certain special assumptions that result in the use of accounting estimates. These estimates are made by management in accordance with accounting policies and on the basis of historical experience and assumptions that management considers reasonable and realistic, however, unexpected future events or circumstances may arise, just as others may arrive at other estimates.

The areas that involve a higher degree of assessments or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements and the parent financial statements, are listed below. When preparing the consolidated interim report, management makes a number of accounting assessments that form the basis for the presentation, recognition and measurement of the Group's assets and liabilities.

The most significant estimates made by management in connection with the recognition and measurement of these assets and liabilities, and the significant estimates of uncertainties associated with the preparation of the consolidated report, are

- Measurement of fair value of investments in life insurance policies

#### 3 Segment disclosures

The group has during the current and prior period only operated in the marketed of acquiring life insurance contracts in the United States of America. Management has assessed that the acquired life insurance contracts is representing one activity, due to the nature of the insurance contracts. The geographical locations are confined to the United States of America.

Based on the above the operating segment will be corresponding to that of the income statement and financial statements.



## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 4 Staff cost

USD	Consolidated		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Wages and salaries	74,745	85,666	74,745	85,666
Other social security costs	6,640	7,541	6,640	7,541
	<b>81,386</b>	<b>93,208</b>	<b>81,386</b>	<b>93,208</b>
<b>Remuneration:</b>				
Board of Directors, ordinary	59,108	71,995	59,108	71,995
Executive Board, ordinary	22,278	17,043	22,278	17,043
Total remuneration to key management	<b>81,386</b>	<b>93,208</b>	<b>81,386</b>	<b>93,208</b>
Average number of employees	0	0	0	0

#### 5 Other operating costs

USD	Consolidated		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Accounting and audit	279,103	319,080	248,847	310,079
Company and share related costs including insurances	172,561	160,667	172,521	160,561
Company legal fees	85,088	134,665	63,996	130,127
Policy legal fees	409,215	270,419	409,215	270,419
Policy Management and custody	5,765,478	2,494,535	5,731,314	2,494,535
Depositary fees	267,945	219,046	267,945	219,046
Management fees	5,060,376	3,718,520	5,060,376	3,718,520
	<b>12,039,766</b>	<b>7,316,933</b>	<b>11,954,124</b>	<b>7,303,288</b>
<b>Remuneration of the Company's statutory auditors comprise:</b>				
Statutory audit	47,462	61,453	36,867	61,453
Other audit & assurance-related services	5,161	12,796	5,161	12,796
Tax and VAT assistance	0	0	0	0
Other	11,929	13,349	11,929	13,349
	<b>64,552</b>	<b>87,598</b>	<b>53,957</b>	<b>87,598</b>

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 6 Financial income

Exchange rate adjustments	92,160	38,886	80,929	38,789
Fair value adjustments of other investments	46,944,111	19,739,975	46,838,257	19,739,975
Other financial income	141,904	3,446	141,904	3,446
	<u>47,178,175</u>	<u>19,782,307</u>	<u>47,061,090</u>	<u>19,782,310</u>

#### 7 Financial expenses

USD	<u>2021/22</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2020/21</u>
Exchange rate adjustments	159,600	58,895	155,033	58,798
Interest paid	1,551	989	1,551	989
	<u>161,152</u>	<u>59,884</u>	<u>156,585</u>	<u>59,787</u>

#### 8 Contributed capital

	<u>USD</u>
The contributed capital comprises: 161,195 shares, equivalent to USD	95,272,702
<b>Contributed capital at 1 October 2021</b>	<b>77,729,233</b>

	<u>Contributed capital</u>	<u>Retained earnings</u>
29 October 2021, issue of capital, 532 shares	308,003	840,510
30 November 2021, issue of capital, 431 shares	250,950	696,712
31 December 2021, issue of capital, 8,412 shares	4,779,287	13,819,308
31 January 2022, issue of capital, 10,838 shares	6,137,518	17,828,876
28 February 2022, issue of capital, 819 shares	456,838	1,357,493
31 March 2022, issue of capital, 7,188 shares	4,024,894	11,874,243
30 April 2022, issue of capital, 79 shares	43,849	130,829
1 June 2022, issue of capital, 314 shares	163,624	554,783
1 July 2022, issue of capital, 114 shares	59,457	209,557
31 July 2022, issue of capital, 545 shares	283,047	1,008,270
31 August 2022, issue of capital, 102 shares	52,010	189,395
29 September 2022, issue of capital, 1,968 shares	983,992	3,682,392
	<u>17,543,469</u>	<u>52,192,369</u>

#### 9 Contingencies, etc.

Neither the Group or the Parent Company has any contractual obligations or contingent liabilities.

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 10 Related parties

Ress Life Investments A/S' related parties include:

<b>Name of related party</b>	<b>Nature of transactions</b>
Resscapital AB	AIF Management fees
Citco Denmark ApS	Domiciliary and administrative management fee
Board of Directors	Board remuneration and investments in shares in the company
Kromann Reumert*	Legal advisory services
Executive Board	Remuneration

*\*Board member Jeppe Buskov is a partner hereof.*

Transactions with related parties comprise:

<b>USD</b>	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2021/22</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2020/21</b>
Resscapital AB	6,985,882	5,650,180	6,985,882	5,650,180
Citco Denmark ApS	24,906	234,827	24,906	234,827
Board of Directors	62,599	70,169	62,599	70,169
Kromann Reumert	14,700	31,862	14,700	31,862
Executive Board	19,508	24,103	19,508	24,103
Direct Life Capital K/S	0	0	900,000	2,100,000
	<b>7,107,595</b>	<b>6,011,141</b>	<b>8,007,595</b>	<b>8,111,141</b>

Remuneration of the Executive Board and Board of Directors is mentioned in note 4.

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 10 Related parties - continued

Shareholders of the Parent Company holding more than 5% of the share capital at the balance sheet date:

	<b>Owner and voting rights % of total</b>
Volvo Personvagnars Pensionsstiftelse	9.3%
UBP Luxembourg	6.1%
Volvo Pension Fund	5.6%
Volvo Car UK Pension Scheme	5.3%

#### 11 Investments in subsidiaries

	<b>2021/22</b>	<b>2020/21</b>
Cost on 1 October	2,100,000	0
Additions	900,000	2,100,000
<b>Cost on 30 September</b>	<b>3,000,000</b>	<b>2,100,000</b>
Revaluations on 1 October	-13,645	0
Net profit for the year	26,965	-13,645
<b>Revaluations on 30 September</b>	<b>13,321</b>	<b>-13,645</b>
<b>Carrying amount on 30 September</b>	<b>3,013,321</b>	<b>2,086,355</b>

<b>Subsidiaries</b>	<b>Country</b>	<b>Ownership</b>
Direct Life Capital K/S	Denmark	100%

#### 12 Other investments

##### Foreign exchange risks

The shares are denominated in EUR. The functional currency is USD, and the underlying assets are USD based. Accordingly, the value of the shares is likely to fluctuate with any fluctuations in the exchange rate between USD and EUR. If the value of EUR depreciates against USD, the EUR price of the shares will appreciate. In addition, there is a currency risk depending on the local functional currency for each shareholder.

##### Interest rate risks

Due to its investing and financing activities, Ress Life Investments A/S, is to a limited extent exposed to interest rate risks related to fluctuations in interest levels in the USA, the Eurozone and Denmark.

The interest rate exposure is mainly relating to investments in short term treasury bills with a maturity date under 1 year. Due to the nature of the treasury bills the discrepancy between the interest yields on the treasury bills and the markets fluctuations is assessed as limited. Further, the group, is exposed to interest rate changes on balances with banks. Overall, the interest rate risks are limited in the group due to the nature of the investments and financial positions.

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 12 Other investments – continued

##### Tax risks

For the Group an investment in the life insurance contracts involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Group holds life insurance contracts, or changes in tax treaties negotiated by those countries, could adversely affect the returns to its shareholders. Each shareholder is strongly urged to consult its own tax advisers regarding their tax implications of investing and holding life insurance contracts.

##### Fair value measurement

The life insurance contracts and other investments are valued using the 'Fair value' concept in connection with certain disclosure requirements and for recognition of financial instruments. Direct investments in life insurance contracts are measured at level 3, and investments in other life settlement funds are measured at level 2.

'Fair value' is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. The valuation approach used in relation to the life insurance contracts is based on discounted probability weighted cash flows. The valuation approach incorporates all of the factors that market participants would take into account in pricing a transaction, such as cash flows (premiums and death benefits), discount rates and life expectancies (mortality assumptions).

The probabilities are based on applying the life expectancy (LE) to a mortality table in order that the mortality factor (the ultimate factor) applicable to the given insured can be derived from the table itself. The approach to the mortality distribution is based on the use of the most recent VBT tables (currently 2015 Valuation Basic Table created by the Society of Actuaries from North America). The LE is one of the most important variables in pricing policies in the life settlement market and the valuation of life settlement contracts is heavily dependent on LE information. Upon purchase of the assets, LE reports are obtained from at least two underwriters. LE reports are medical opinions from specialised medical underwriters, based on the latest medical records or other relevant information. The Alternative Investment Fund Manager is using a conservative approach, selecting the most conservative LE report in most cases.

The fair value of the life insurance contracts is sensitive to the choice of discount rates. Discount rates are determined at the level of sub-groups of the life insurance portfolio. The sub-groups are based on the face value of policies and the credit rating of insurance carriers. The discount rates of each sub-group result from the Internal Rate of Return ("IRR") for each policy in the sub-group, at purchase. A parameterisation of the discount rates for each sub-group is based on an exponential moving average taking into account changes in IRRs when new acquisitions are made within the respective sub-group. Under this methodology, the discount rate in each sub-group is recalibrated whenever a policy that falls into the sub-group is acquired. The average IRR of the sub-groups used for the fair value measurements as of 30 September 2022 was 10.75 %.

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 12 Other investments – continued

##### Fair value measurement - continued

All assets and liabilities measured at fair value, or in respect of which the fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognised valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

The determination of what constitutes ‘observable’ requires significant judgement by the Group. Management of the Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following method and assumptions were used to estimate the fair values. The Group primarily invests directly in the life insurance policies. The fair value measurement of the investments is estimated on an individual basis based on several factors such as premium payments and changes in these updates of life expectancy, changes in discount rates and general “mark-to-market” adjustments.

Investments in other life settlement funds are investments that are valued based on NAV statements received from Saffery Champness Fund Services Limited.

The following table analyses within the fair value hierarchy the Group's financial assets measured at fair value at 30 September 2022. All fair value measurements disclosed are recurring fair value measurements.

USD	Consolidated		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Level 1	54,544,382	4,999,617	54,544,382	4,999,617
Level 2	8,097	7,737	8,097	7,737
Level 3	303,220,268	255,254,519	302,291,468	255,254,519
	<b>357,772,747</b>	<b>260,261,873</b>	<b>356,843,947</b>	<b>260,267,873</b>

The carrying amount is equal to fair value for all financial assets and financial liabilities.

There have been no transfers between the levels in the fair value hierarchy this year.

The fair value of receivables, prepayments, cash, payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments. The Group's own credit risk has not been taken into account.

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 12 Other investments – continued

##### Fair value measurement - continued

For instruments with recurring Level 3 fair value measurements, the carrying value has been specified in below table:

USD	Consolidated		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Opening balance (1 October)	255,254,519	192,440,137	255,254,519	192,440,137
Additions	56,279,424	43,072,068	55,184,624	43,072,068
Sales and maturities	-86,125,372	-27,712,238	-85,910,937	-27,712,238
Premium payments	31,179,256	27,714,828	31,130,821	27,714,828
Fair value adjustment*	46,632,422	19,739,723	46,632,442	19,739,723
<b>Closing balance (30 September)</b>	<b>303,220,268</b>	<b>255,254,519</b>	<b>302,391,468</b>	<b>255,254,519</b>

\*Realized performance from maturities and sales, aging effect and changes in discount rates

##### Credit and counterparty risks

There is a credit risk in respect of the life settlement investments as recognised under "Other investments". There is no guarantee that the insurance companies will meet their obligations to make payment on maturity claims. The credit risk is mitigated by limiting the exposure to any single insurance company, and by only buying policies issued by insurers that meet the rating requirements.

The life settlement investments are made with over 65 different life insurance companies, and are presented on a Group level, due to all life settlement investments are integrated in Ress Life Investments. The fair values are distributed on AM Best Ratings as below:

	30 September 2022			30 September 2021		
	Policies	Fair value	Weight % of NAV	Policies	Fair value	Weight % of NAV
A++	39	34,610,916	9.0%	24	23,683,268	8.4%
A+	273	165,344,544	43.0%	225	140,705,826	50.0%
A	147	77,095,143	20.0%	123	66,227,246	23.5%
A-	8	5,154,965	1.3%	8	4,658,006	1.7%
B++	14	16,104,273	4.2%	15	14,761,043	5.2%
B	6	3,388,632	0.9%	8	3,477,896	1.2%
B-	0	0	0.0%	0	0	0.0%
C++	8	1,521,769	0.4%	8	1,741,234	0.6%
<b>Total</b>	<b>495</b>	<b>303,220,268</b>	<b>78.8%</b>	<b>411</b>	<b>255,254,519</b>	<b>90.6%</b>

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 12 Other investments – continued

##### Concentration risk

The following tables set forth concentration risks, divided into the face value of the life settlement investments in gender, age group, Life Expectancy estimates (“LE”) and spreads of face value of the individual contracts:

	30 September 2022			30 September 2021		
	Policies	Face value	Weight %	Policies	Face value	Weight %
<i>Gender:</i>						
Female	100	203,614,972	16.3%	82	213,332,880	19.7%
Male	349	800,212,086	64.0%	295	697,100,303	64.5%
Joint	46	245,915,751	19.7%	34	170,042,952	15.7%

	30 September 2022			30 September 2021		
	Policies	Face value	Weight %	Policies	Face value	Weight %
<i>Age group:</i>						
<65	42	140,256,157	11.2%	24	61,946,157	5.7%
65-69	55	139,809,296	11.2%	39	122,671,614	11.4%
70-74	76	208,927,128	16.7%	62	193,163,252	17.9%
75-79	116	275,203,996	22.0%	102	223,937,767	20.7%
80-84	71	171,463,795	13.7%	79	229,504,298	21.2%
85-89	73	176,281,977	14.1%	61	143,091,128	13.2%
90-94	49	116,385,651	9.3%	35	76,186,919	7.1%
95<	13	21,414,810	1.7%	9	29,975,000	2.8%

##### Life Expectancy estimate:

	30 September 2022			30 September 2021		
	Policies	Face value	Weight %	Policies	Face value	Weight %
< 2	11	7,407,933	0.6%	2	1,350,000	0.1%
2-3	46	75,507,486	6.0%	35	77,842,071	7.2%
4-5	76	150,412,642	12.0%	55	87,730,986	8.1%
6-7	74	149,054,130	11.9%	71	169,977,930	15.7%
8-9	53	162,405,783	13.0%	51	135,018,557	12.5%
10-11	57	160,042,680	12.8%	53	174,382,173	16.1%
12-15	68	184,420,489	14.8%	63	197,423,026	18.3%
16-	110	360,491,666	28.8%	81	236,751,419	21.9%



## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 12 Other investments – continued

##### Concentration risk - continued

	<u>Policies</u>	<u>Face value</u>	<u>Weight %</u>	<u>Policies</u>	<u>Face value</u>	<u>Weight %</u>
<i>Spreads of face value for the individual contracts:</i>						
	<b>30 September 2022</b>			<b>30 September 2021</b>		
100,000-250,000	28	5,620,000	0.4%	5	850,000	0.1%
250,001-500,000	72	32,046,638	2.6%	69	29,734,975	2.8%
500,001-1,000,000	140	129,053,330	10.3%	112	102,862,089	9.5%
1,000,001-2,000,000	92	164,931,285	13.2%	80	145,795,589	13.5%
2,000,001-3,000,000	46	125,193,504	10.0%	39	108,538,109	10.0%
3,000,001-5,000,000	62	286,093,330	22.9%	59	270,093,330	25.0%
5,000,001-10,000,000	46	366,379,780	29.3%	39	310,597,126	28.7%
10,000,001-15,000,000	5	62,144,785	5.0%	6	75,724,760	7.0%
15,000,001-	4	78,280,157	6.3%	2	36,280,157	3.4%

##### Sensitivity analysis

The sensitivity of the valuation results to changes in assumptions is illustrated by introducing changes to one specific assumption at a time and comparing the result before and after the change.

A sensitivity analysis is made based on the following scenarios:

- Discount rate sensitivity
- Mortality sensitivity

No sensitivity analysis is presented in relation to cash flows as cash inflows consist of death benefits fixed at policy inception and cash inflows consist of scheduled premium payments.

##### Discount rate sensitivity

The discount rate sensitivity analysis has been performed using a set of fixed discount rates across the portfolio for the Group

<b>USD</b>	<b>30 September 2022</b>				<b>30 September 2021</b>			
Discount rate	10%	12%	14%	16%	10%	12%	14%	16%
Value of portfolio	317m	273m	237m	208m	256m	219m	189m	164m
% of tot. face amt.	25.2%	21.7%	18.9%	16.6%	23.7%	20.3%	17.5%	15.2%

## Financial statements for the period 1 October – 30 September

### Notes to the financial statements

#### 12 Other investments – continued

##### Sensitivity analysis – continued

##### Mortality sensitivity

An extension for life expectancies in the portfolio corresponds to negative impact of the life settlement investments. Vice versa a reduction in life expectancies corresponds to a positive impact. The mortality sensitivity has been performed based upon an increment/reduction of one month on the entire portfolio for the Group.

USD	<u>2021/22</u>	<u>2020/21</u>
Impact of face value	4,874,175	4,345,061
Percentage of increment	0.39%	0.40%

#### 13 Prepayments and cash and cash equivalents

Prepayments contain primarily deposits made to Wilmington Trust for new investments, which has increased compared to last year. New investments have caused cash and cash equivalents to decrease compared to last year.

#### 14 Events after the balance sheet date

There are no events after the balance sheet date materially affecting the annual report.