EUCARE INSURANCE PCC LIMITED

Annual Report and Financial Statements
31 December 2024

Company Registration No. C 88658

Directors' report

The directors present their report and the financial statements of Eucare Insurance PCC Limited (the "Company" or "Eucare") for the year ended 31 December 2024.

Principal activity

The principal activity of the Company is to carry on the business of insurance and is licensed as a Cell company by the Malta Financial Services Authority ("MFSA") in accordance with the Companies Act (Cell Companies carrying on business of insurance) Regulations, 2010.

The Core operation does not underwrite any insurance business. Its main activity is to promote the creation and establishment of Cells within the Company in terms of the Protected Cell Company (PCC) Regulations, whereas the Cell's main activity is to carry on licensed classes of insurance business.

Performance review

As at the end of the reporting year, the Company had one Cell ("NLCare Cell" or the "Cell").

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

Financial Performance

The Profit and Loss account is set out on page 7.

During the year under review, the Company reported an aggregated loss before taxation of €7,722,145 (2023: €7,926,631). This loss is attributable to NLCare Cell. Insurance revenue increased by 10.21%, amounting to €672,840,981 (2023: €610,503,058). Insurance service expenses, comprising of claims, insurance acquisition costs and directly attributable expenses, amounted to €666,008,010 (2023: €600,325,581).

Acquisition costs amounted to €31,796,943 (2023: €27,131,592). Acquisition costs, including commissions and Managing General Agent ("MGA") fees are specifically allocated to insurance contracts. Maintenance expenses amounted to €10,833,023 (2023: €10,359,269) and are identified between those that are directly attributable and those indirectly incurred to partly fulfil insurance obligations. Maintenance expenses which are not directly related to the acquisition and servicing of insurance contracts are included in other operating expenses. Additional details on expenses are included in Note 8 to the financial statements.

The Company has reinsurance arrangements in place resulting in net expenses from reinsurance contracts for 2024 of €11,722,506 (2023: €14,079,025). Further detail on insurance revenues and expenses are provided in Note 6 to the financial statements.

During 2024 Eucare registered growth across all its portfolios. This is a result of increased business with existing intermediaries which was observed in The Netherlands and in France. During the year in review the Company experienced an increase in the number of insured persons in its health portfolio.

Despite a positive performance of underwriting year 2024, losses were experienced during the reporting period due to negative developments relating to prior underwriting years of the health portfolio in The Netherlands, following new information made available by the Zorginstituut Nederland ("ZiN"). This resulted in a negative insurance service result for financial year 2024 of €4,889,535 (2023: €3,901,548 negative). This was partially offset by positive investment returns whereby net income from interest receivable, dividends and exchange differences amounted to €2,185,587 (2023: €888,739).

Directors' report - continued

Performance review - continued

Non-Financial Performance

Similar to previous years, it is Eucare's strategy to continue diversifying its insurance portfolio, both in terms of products and business sourced as well as in terms of geographical location. The Company is nevertheless mindful of recent financial performance and has monitored and taken corrective action to improve performance or to stop writing any underperforming business lines where necessary. The Company seeks to further develop these efforts by considering new business opportunities for distribution in the European Economic Area. This provides diversification, new strategic income streams and reduces dependency on individual sources of business.

In conjunction with this future strategy, the Company will at the same time continue to assess its market penetration in the regions it operates in with a view to fostering customer loyalty whilst simultaneously maintaining premium levels reflective of the underlying risks.

Eucare's strategy continues to focus on the regulatory, financial and insurance risk related key functions, whilst leaving the customer facing operations to selected partners in the local target markets. The cooperation with these partners was performed with the proper monitoring and oversight of the partner's processes and operational activities.

Dividends

The Company did not pay any dividend to shareholders during 2024 and the directors do not recommend the payment of a final dividend (2023: Nil).

Risk Management

Risk Management System

The Risk Management System is integrated into the Risk Management Policy and a number of sub-policies. The Board reviews its Risk Management policies and strategies and oversees their implementation to ensure that identified key risks are properly assessed and managed.

The Company's Risk Management System is proportionate to the nature, scale and complexity inherent to the business in ensuring it maintains sufficient capital to meet all existing and imminent business risks. It therefore aims to ensure the efficient management of capital resources, and the achievement of strategic goals in full compliance with all applicable legislation and regulatory requirements.

Risk Appetite

The Company's risk appetite is established by the Board of Directors of Eucare in consideration of the activities and associated risks that the Company accepts and those it avoids as well as the rating attributed to each risk within the Risk Register.

ORSA Process

One of the sub-policies emerging from the Risk Management Policy is the Own Risk and Solvency Assessment (ORSA) policy, setting out the ORSA process which covers the Company's functional operations and exposures in the geographical areas where it operates. The principal goal of the ORSA is to foster an effective level of risk management that enables the Company to identify, assess, monitor and report on its material risks using techniques that are appropriate to its risk exposures and in a manner that is adequate to support the Company in its risk and capital decisions.

The processes and procedures adopted in the conduct of the ORSA process are part of the risk management system of Eucare.

Directors' report - continued

Risk Management - continued

Risk Profile

As an insurance company, Eucare is exposed to a number of risks which can be categorised under two headings.

Primary risks are considered to be risks which are inherent to the nature and scope of Eucare's business strategy. In 2024 Eucare has underwritten health, income protection, and personal accident insurance business in The Netherlands, and also income protection in France. Accordingly, Eucare acknowledges underwriting risk, claims reserving risk and operational risk as the primary and most significant risks of the Company.

Secondary risks, emanating as a consequence of Eucare's actions to deal with the identified primary risks, include strategic risk, counterparty default risk, cyber risks, regulatory risks, and reputational risks.

All risks are considered to fall within the Company's risk appetite and are adequately covered by the existing capital of Eucare.

Further information pertaining to the Company's underwriting and financial risk management is included in Notes 5.2 and 5.3 of these financial statements.

Events after the reporting date

As of January 1, 2025, the Company has not renewed its French income protection business due to overall poor performance and significant capital requirements. This decision aligns with the Company's strategic focus on optimising resource allocation and improving overall financial health.

Furthermore, following the reporting period, at the request of the Board, the Shareholders have injected an additional €2,500,000 in capital on 8 April 2025 to further strengthen the Solvency Capital Requirement (SCR) and financial position of the Company. This capital injection reflects the Shareholders' commitment to reinforcing the Company's financial resilience, ensuring its long-term sustainability, and instilling confidence in its ongoing operations. The Company has consistently met its SCR requirements and remains in full compliance, with this additional capital serving to further solidify its solvency and financial position.

Future Developments

Eucare remains committed to sustainable and profitable growth through a series of strategic initiatives aimed at strengthening its core business operations. As part of this effort, the Company is undertaking measures to consolidate its existing activities, whilst also actively exploring new, high-potential business opportunities to enhance its market.

Eucare will continue to explore new opportunities both in existing and new potential territories. This has to be considered within the ambit of significant international sector trends including mergers, consolidations and takeovers which effectively limit ultimate consumer choice. International developments are therefore considered as significant opportunities for the Company to attract demand-driven portfolios, to project long term stability and to ultimately focus on core processes with partners that share the same beliefs and objectives. At the same time Eucare's objective is to foster risk diversification both in terms of product lines as well as by geographical location. The Company also intends to increase its presence on the ground in the Netherlands. In 2025 the Company shall therefore continue to write business through its current intermediaries and shall develop and strengthen its current distribution networks.

The Company strives to carefully assess new initiatives with the intent of growing existing and new lines of business. The aim is to achieve a balanced portfolio mix, consequently reducing dependence on one class or source of business.

The Company is evaluating strategies to enhance its current business model by reinforcing key functions related to regulatory compliance, financial management, and insurance risk. At the same time, Eucare aims to strengthen its presence in current target markets by working closely with carefully selected partners, ensuring a deeper market engagement and alignment with regional needs while maintaining operational efficiency and strategic focus.

Directors' report - continued

Future developments - continued

While continuing to expand its development initiatives, the Company will also undertake a thorough evaluation of its past performance to refine and optimise its existing portfolio. During financial year 2024 and subsequent to year end, several corrective measures were implemented to strengthen the Company's operational and financial position. As a result, the Company maintains a positive outlook for the coming years.

These corrective actions included the application of updated experience-based pricing methodologies, as well as the enhanced monitoring and supervision of claims management processes. Moreover, during the 2025 health insurance renewal season, the Company adopted a strategic approach focused on consolidating its market position rather than pursuing aggressive growth in the number of health insured people, in light of recent financial performance. While this may have resulted in a modest decline in number of health insured people, it aligns with the Company's broader objective of long-term financial stability. To further support the strengthening of the Company's financial and solvency position, the shareholders elected to inject further capital in the Company. In parallel, the Company is actively working to reduce its dependency on the Dutch health insurance business by diversifying into other lines such as Property & Casualty insurance (subject to regulatory approval), while also aiming to grow its overall presence in the Netherlands.

Directors

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

Mr. Arndt François Jean Pierre van den Beuken (Until 10 June 2024)
Mr. Alfred Lupi
Mr. James Portelli
Mr. George McClennen
Mr. Gerard Willem Johan Antvelink
Mr. Simon Anastasi (Appointed on 10 December 2024)

The Company's Articles of Association do not require any director to retire.

Statement of directors' responsibilities for the financial statements

The directors are required by the Insurance Business Act, 1998 and the Maltese Companies Act, (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

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 as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and which comply with the Maltese Insurance Business Act, 1998 and with the Maltese Companies Act, (Cap. 386). 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.

Directors' report - continued

Auditors

KPMG have been appointed as auditors and indicated their willingness to continue in office. A resolution for their re-appointment will be proposed at the Annual General Meeting.

The directors' report was approved and signed by:

Simon Anastasi
Director

James Portelli
Director

Registered office:
16, Europa Centre
Triq John Lopez
Floriana FRN 1400
Malta

24th April 2025

Profit and loss account

Year ended 31 December

		Core		Cell		Total	
	Notes	**2024** €	2023 €	**2024** €	2023 €	**2024** €	2023 €
Insurance revenue	6	**-**	-	**672,840,981**	610,503,058	**672,840,981**	610,503,058
Insurance service Expenses	6	**-**	-	**(666,008,010)**	(600,325,581)	**(666,008,010)**	(600,325,581)
Net expenses from reinsurance contracts held	6	**-**	-	**(11,722,506)**	(14,079,025)	**(11,722,506)**	(14,079,025)
Insurance service Result	6	**-**	-	**(4,889,535)**	(3,901,548)	**(4,889,535)**	(3,901,548)
Investment income	7	**53,470**	22,621	**2,148,336**	950,820	**2,201,806**	973,441
Investment expenses and charges	7	**-**	-	**(16,219)**	(84,702)	**(16,219)**	(84,702)
Expected gain / (loss) on financial assets		**(4,268)**	(218)	**213,508**	(40,915)	**209,240**	(41,133)
Net investment income		**49,202**	22,403	**2,345,625**	825,203	**2,394,827**	847,606
Finance expense from insurance contracts	7	**-**	-	**(7,275,290)**	(11,771,362)	**(7,275,290)**	(11,771,362)
Finance income from reinsurance contracts	7	**-**	-	**4,601,082**	9,538,118	**4,601,082**	9,538,118
Net insurance finance expenses	7	**-**	-	**(2,674,208)**	(2,233,244)	**(2,674,208)**	(2,233,244)
Net investment and insurance result		**49,202**	22,403	**(328,583)**	(1,408,041)	**(279,381)**	(1,385,638)
Other income	8	**4,104,792**	4,055,304	**-**	-	**4,104,792**	4,055,304
Other operating expenses	8	**(4,095,953)**	(4,051,043)	**(1,778,652)**	(1,864,345)	**(5,874,605)**	(5,915,388)
Interest expense	10	**(8,316)**	(4,261)	**(775,100)**	(775,100)	**(783,416)**	(779,361)
Profit / (Loss) before tax		**49,725**	22,403	**(7,771,870)**	(7,949,034)	**(7,722,145)**	(7,926,631)
Tax (expense) / credit	11	**(2,497)**	(1,078)	**405,436**	392,191	**402,939**	391,113
Profit / (Loss) for the year		**47,228**	21,325	**(7,366,434)**	(7,556,843)	**(7,319,206)**	(7,535,518)

The notes on pages 13 to 67 form an integral part of the financial statements.

Statement of comprehensive income

Year ended 31 December

		Core		Cell		Total	
		2024	2023	**2024**	2023	**2024**	2023
	Notes	**€**	€	**€**	€	**€**	€
Profit / (Loss) for the Year		**47,228**	21,325	**(7,366,434)**	(7,556,843)	**(7,319,206)**	(7,535,518)
Items that will not be reclassified subsequently to profit or loss:							
Changes in the fair value of equity instruments at FVOCI	21	**-**	-	**56,841**	2,064	**56,841**	2,064
Income tax charge	21	**-**	-	**(2,206)**	(103)	**(2,206)**	(103)
		-	-	**54,635**	1,961	**54,635**	1,961
Items that are or may be reclassified subsequently to profit or loss:							
Changes in the fair value of debt instruments at FVOCI	21	**-**	-	**86,593**	222,592	**86,593**	222,592
Net amount reclassified to profit or loss	21	**-**	-	**(4,822)**	-	**(4,822)**	-
Income tax charge	21	**-**	-	**492**	(11,130)	**492**	(11,130)
		-	-	**82,263**	211,462	**82,263**	211,462
Other Comprehensive Income for the year		**-**	-	**136,898**	213,423	**136,898**	213,423
Total Comprehensive Income / (Loss) for the year attributable to ordinary shareholders		**47,228**	21,325	**(7,229,536)**	(7,343,420)	**(7,182,308)**	(7,322,095)

The notes on pages 13 to 67 form an integral part of the financial statements.

Statement of financial position
As at 31 December

		Core		Cell		Total	
		2024	2023	**2024**	2023	**2024**	2023
	Notes	**€**	€	**€**	€	**€**	€
ASSETS							
Intangible assets	13	**376,941**	545,930	**-**	-	**376,941**	545,930
Tangible assets	14	**68,739**	87,356	**-**	-	**68,739**	87,356
Right-of-use assets	24.1	**489,208**	269,600	**-**	-	**489,208**	269,600
Financial investments	12	**-**	-	**40,241,659**	4,691,636	**40,241,659**	4,691,636
Reinsurance contract assets	17	**-**	-	**37,452,436**	41,668,054	**37,452,436**	41,668,054
Other receivables	15	**1,285,238**	1,212,698	**1,366,381**	22,248,107	**2,651,619**	23,460,805
Cash and cash equivalents	16	**1,578,146**	1,385,511	**25,870,340**	38,983,406	**27,448,486**	40,368,917
Total assets		**3,798,272**	3,501,095	**104,930,816**	107,591,203	**108,729,088**	111,092,298
EQUITY							
Capital and reserves							
Share capital	20	**2,501,200**	2,501,200	**6,000,000**	6,000,000	**8,501,200**	8,501,200
Capital contribution	22	**-**	-	**12,752,664**	12,752,664	**12,752,664**	12,752,664
Other reserves	21	**-**	-	**(9,352)**	(89,654)	**(9,352)**	(89,654)
Retained earnings/ (Accumulated losses)		**460,009**	412,781	**(5,123,953)**	2,185,885	**(4,663,944)**	2,598,666
Total equity		**2,961,209**	2,913,981	**13,619,359**	20,848,895	**16,580,568**	23,762,876
LIABILITIES							
Subordinated loans	19	**-**	-	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Insurance contract liabilities	17	**-**	-	**79,798,474**	76,023,187	**79,798,474**	76,023,187
Other payables	18	**418,079**	362,933	**1,512,983**	719,121	**1,931,062**	1,082,054
Lease liabilities	24.2	**418,984**	224,181	**-**	-	**418,984**	224,181
Total liabilities		**837,063**	587,114	**91,311,457**	86,742,308	**92,148,520**	87,329,422
Total equity and liabilities		**3,798,272**	3,501,095	**104,930,816**	107,591,203	**108,729,088**	111,092,298

The notes on pages 13 to 67 form an integral part of the financial statements.

The financial statements on pages 7 to 67 have been authorised for issue by the Board on 24th April 2025 and were signed on its behalf by:

Simon Anastasi
Director

James Portelli
Director

Statement of changes in equity
Year ended 31 December

	Notes	Core				
		Share Capital €	Capital contribution €	Retained earnings €	Other reserves €	Total €
Balance as at 1 January 2023		2,501,200	-	391,456	-	2,892,656
Comprehensive income						
Profit for the year		-	-	21,325	-	21,325
Total comprehensive income		-	-	21,325	-	21,325
Balance at 31 December 2023		2,501,200	-	412,781	-	2,913,981

	Notes	Cell				
		Share Capital €	Capital contribution €	Retained earnings €	Other reserves €	Total €
Balance as at 1 January 2023		6,000,000	12,752,664	9,742,728	(303,077)	28,192,315
Comprehensive loss						
Loss for the year		-	-	(7,556,843)	-	(7,556,843)
Other comprehensive income	21	-	-	-	213,423	213,423
Total comprehensive loss		-	-	(7,556,843)	213,423	(7,343,420)
Balance at 31 December 2023		6,000,000	12,752,664	2,185,885	(89,654)	20,848,895

	Notes	Total				
		Share Capital €	Capital contribution €	Retained earnings €	Other reserves €	Total €
Balance as at 1 January 2023		8,501,200	12,752,664	10,134,184	(303,077)	31,084,971
Comprehensive loss						
Loss for the year		-	-	(7,535,518)	-	(7,535,518)
Other comprehensive income	21	-	-	-	213,423	213,423
Total comprehensive loss		-	-	(7,535,518)	213,423	(7,322,095)
Balance at 31 December 2023		8,501,200	12,752,664	2,598,666	(89,654)	23,762,876

The notes on pages 13 to 67 form an integral part of the financial statements.

Statement of changes in equity - continued
Year ended 31 December

	Notes	Share capital €	Capital contribution €	Retained earnings €	Other reserves €	Total €
Core						
Balance as at 1 January 2024		2,501,200	-	412,781	-	2,913,981
Comprehensive income						
Profit for the year		-	-	47,228	-	47,228
Total comprehensive income		-	-	47,228	-	47,228
Balance at 31 December 2024		**2,501,200**	**-**	**460,009**	**-**	**2,961,209**

	Notes	Share capital €	Capital contribution €	Retained earnings/ (Accumulated losses) €	Other reserves €	Total €
Cell						
Balance as at 1 January 2024		6,000,000	12,752,664	2,185,885	(89,654)	20,848,895
Comprehensive loss						
Loss for the year		-	-	(7,366,434)	-	(7,366,434)
Net reclassification from other reserve		-	-	56,596	(56,596)	-
Other comprehensive income	21	-	-	-	136,898	136,898
Total comprehensive loss		-	-	(7,309,838)	80,302	(7,229,536)
Balance at 31 December 2024		**6,000,000**	**12,752,664**	**(5,123,953)**	**(9,352)**	**13,619,359**

	Notes	Share capital €	Capital contribution €	Retained earnings/ (Accumulated losses) €	Other reserves €	Total €
Total						
Balance as at 1 January 2024		8,501,200	12,752,664	2,598,666	(89,654)	23,762,876
Comprehensive loss						
Loss for the year		-	-	(7,319,206)	-	(7,319,206)
Net reclassification from other reserve		-	-	56,596	(56,596)	-
Other comprehensive income	21	-	-	-	136,898	136,898
Total comprehensive loss		-	-	(7,262,610)	80,302	(7,182,308)
Balance at 31 December 2024		**8,501,200**	**12,752,664**	**(4,663,944)**	**(9,352)**	**16,580,568**

The notes on pages 13 to 67 form an integral part of the financial statements.

Statement of cash flows

Year ended 31 December

		Core		Cell		Total	
		2024	2023	**2024**	2023	**2024**	2023
	Notes	**€**	€	**€**	€	**€**	€
Cash generated from/ (used in) operating activities							
Cash generated from / (used in) operations	23	**344,898**	196,688	**20,952,317**	(3,977,503)	**21,297,215**	(3,780,815)
Interest paid		**-**	-	**(775,100)**	(775,100)	**(775,100)**	(775,100)
Interest received		**53,470**	22,621	**1,887,032**	900,345	**1,940,502**	922,966
Tax paid		**-**	(555)	**-**	-	**-**	(555)
Net cash generated from / (used in) operating activities		**398,368**	218,754	**22,064,249**	(3,852,258)	**22,462,617**	(3,633,504)
Cash flows used in investing activities							
Purchases of investments		**-**	-	**(48,190,591)**	(3,354,787)	**(48,190,591)**	(3,354,787)
Disposal/redemption of investments		**-**	-	**13,013,276**	2,330,266	**13,013,276**	2,330,266
Additions of intangible assets	13	**(24,876)**	(310,752)	**-**	-	**(24,876)**	(310,752)
Purchase of tangible assets	14	**(8,306)**	(24,931)	**-**	-	**(8,306)**	(24,931)
Cash used in investing activities		**(33,182)**	(335,683)	**(35,177,315)**	(1,024,521)	**(35,210,497)**	(1,360,204)
Cash flows used in financing activities							
Payment of lease liabilities	24.2	**(172,551)**	(146,195)	**-**	-	**(172,551)**	(146,195)
Cash used in financing activities		**(172,551)**	(146,195)	**-**	-	**(172,551)**	(146,195)
Net movement in cash and cash equivalents		**192,635**	(263,124)	**(13,113,066)**	(4,876,779)	**(12,920,431)**	(5,139,903)
Cash and cash equivalents at the beginning of year		**1,385,511**	1,648,635	**38,983,406**	43,860,185	**40,368,917**	45,508,820
Cash and cash equivalents at end of year	16	**1,578,146**	1,385,511	**25,870,340**	38,983,406	**27,448,486**	40,368,917

The notes on pages 13 to 67 form an integral part of the financial statements.

Notes to the financial statements

1. General information

Eucare Insurance PCC Limited ("the Company") is a limited liability company registered in Malta under the Companies Act, 1995 (Cap. 386), with registration number C88658. The registered address of the Company is 16, Europa Centre, Triq John Lopez, Floriana FRN 1400, Malta. The Company is authorised to carry on general business of insurance in terms of the Insurance Business Act, 1998.

As at 31 December 2024 and 2023, the Company had one cell, NLCare Cell ("the Cell").

2. Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and with the requirements of the Insurance Business Act, 1998 (Cap.403) and the Companies Act, 1995 (Cap. 386). They are prepared under the historical cost convention except for financial investments, which have been measured at fair value.

The Company is the reporting entity and comprises of all the activities of Eucare Insurance PCC Limited as the entity with the legal personality. The statutory financial statements are those presented for the Company, annotated by "Total" throughout the financial statements. The Core and the Cell are an integral part of the entity, as these do not have separate legal personality. In accordance with the relevant local practice, the primary financial statements are also presented in a segregated format and do not represent consolidated figures.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies (see Note 4 – Critical accounting estimates and judgements in applying accounting policies).

The statement of financial position 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.

2.1 Going concern

The Directors are required to assess the Company's ability to continue in operational existence for the foreseeable future to enable the financial statements to be prepared on a going concern basis. In making this assessment, the Directors have considered the Company's net asset position, including the excess of current assets over current liabilities, its solvency position and its business plan.

During the year under review, the Company reported an aggregated loss before taxation of €7,722,145 (2023: €7,926,631). The losses were experienced during the reporting period due to negative developments relating to prior underwriting years of the health portfolio in The Netherlands, following new information made available by the Zorginstituut Nederland ("ZiN"). This resulted in a negative insurance service result for financial year 2024 of €4,889,535 (2023: €3,901,548 negative), which led to the Company's retained earnings in the prior year of €2,598,666 turning into accumulated losses of €4,663,944 as at 31 December 2024.

The Company closed the reporting period in a solvent position but marginally below the target SCR cover set by the Board. A number of corrective actions to address its accumulated losses and to enhance its solvency position, whilst ensuring long-term stability have been implemented. These measures include portfolio restructuring, enhanced risk management, and cost containment initiatives, all of which are expected to strengthen the Company's ability to meet its obligations. In particular, as of January 1, 2025, the Company has not renewed its French income protection business due to overall poor performance and significant capital requirements (Note 27). This decision aligns with the Company's strategic focus on optimising resource allocation and improving overall financial health.

Whilst the directors believe that these corrective actions will support the Company's ability to operate as a going concern, at the request of the Board, the Shareholders have injected an additional €2,500,000 in capital on 8 April 2025 (Note 27) to further strengthen the Company's financial and solvency position. The directors note that this capital injection underscores the Shareholders' commitment to reinforcing the Company's financial resilience and long-term sustainability, instilling further confidence in its operational stability.

Based on the above the Directors believe that the Company's Solvency position will be in line with the risk appetite set by the Board and have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant

2. Basis of preparation - continued

2.1 Going concern - continued

doubt upon the Company's ability to continue as a going concern. Thus, the Directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

2.2 Standards, interpretation and amendments to published standards effective in 2024

In 2024, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2024. The standards per the requirements of IFRS as adopted by the EU did not result in material changes.

2.3 Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for accounting periods beginning after 1 January 2024. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU.

3. Summary of material accounting policies

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

3.1 Foreign currency translation

a) *Functional and presentation currency*

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

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account.

3.2 Intangible assets – Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are subsequently measured at cost or using the revaluation model and costs are amortised using the straight-line method over their useful lives, not exceeding a period of four years.

During the year, the Company fully developed and capitalised the new software which had been in development since 2023.The amortisation commenced in 2024 when the asset became available for use.

All costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (See Note 3.3.1).

3.3 Tangible assets – Property and equipment

Tangible fixed assets comprising computer equipment and office furniture, fixtures and fittings are initially recorded at cost. The fixed assets are stated at historical cost less depreciation.

Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful life. The depreciation rates used are:

3. **Summary of material accounting policies** - continued

3.3 Tangible assets – Property and equipment - continued

	%
Computer equipment	25
Office furniture, fixtures and fittings	10

Gains and losses on disposal of tangible fixed assets are determined by reference to their carrying amount and are taken into account in determining operating profit.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (See Note 3.3.1).

3.3.1 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.4 Leases

The Company has applied IFRS 16 *Leases* from incorporation. At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period use; and

- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purposes the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into since the incorporation date.

At the inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

3.4.1 As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use asset varies between 3 and 5 years. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, adjusted for certain re-measurements of the lease liability.

3. Summary of material accounting policies - continued

3.4 Leases - continued

3.4.1 As a lessee - continued

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities separately in the statement of its financial position.

3.5 Financial instruments

3.5.1 Recognition and derecognition

The Company recognises a financial instrument in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the assets.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the entity transfers the financial asset and the transfer qualifies for derecognition. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

3.5.2 Classification and initial measurement of financial assets

Financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset.

On initial recognition, financial assets are classified into the following categories:

(i) amortised cost;
(ii) fair value through profit or loss (FVTPL); or
(iii) fair value through other comprehensive income (FVOCI).

The classification is determined by both the entity's business model for managing the portfolio of financial assets and the contractual cash flow characteristics of the financial asset. The business model refers to how an entity manages its financial assets in order to generate cash flows, which the Company determines at portfolio level of the financial assets rather than at an instrument level because this best reflects the way the business is managed and information is provided to management.

3. **Summary of material accounting policies** - continued

3.5 **Financial instruments** - continued

3.5.2 **Classification and initial measurement of financial assets** - continued

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual terms that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

The Company's investment portfolio is being actively managed to maximise the yield on investments and sell when there is the need or when the investments' credit risk is not within the desired risk level. For these reasons, it is considered that Company's business model is to 'Hold to Collect and Sell'. This is in line with management's expectation that the Company's objectives will be achieved by both holding the financial asset to collect contractual cashflows and in some instances selling the financial assets, in line with the Company's selling parameters.

The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

As the contractual cash flows of the debt securities held are solely payments of principal and interest, held primarily with the business objective to 'hold to collect and sell', such financial assets are recognised initially at fair value with changes in the market value recognised in other comprehensive income (OCI).

During 2023 and 2024, the Company also acquired equity instruments and Collective Investment Schemes. On initial recognition, the Company has made an irrevocable election to present subsequent changes in the investment's fair value in OCI given the Company's intent to hold such instruments for the long term. These investments have been disposed of in 2024.

Other financial assets recognised at amortised cost comprise other receivables and cash and cash equivalents in the statement of financial position (Notes 3.6 and 3.7 respectively). Note 3.11.9 includes further information in relation to insurance receivables. The Company's financial assets are included in current assets. However, those with maturities greater than 12 months after the reporting period are classified as non-current assets.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3.5.3 **Subsequent measurement and derecognition of financial assets**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

(i) they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
(ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

(i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. **Summary of material accounting policies** - continued

3.5 **Financial instruments** - continued

3.5.3 **Subsequent measurement and derecognition of financial assets** - continued

The subsequent measurement of financial assets depends on the type of assets being dealt with. For debt instruments the subsequent measurement depends on the classification of a financial assets that is based on whether it will pass both the contractual cashflows characteristics test and the business model test.

Given the Company's business model is to 'hold to collect and sell' and that debt instruments would satisfy the contractual cash flows characteristics test, the subsequent measurement of debt instruments would be at FVOCI. In this case, the debt instruments are shown at their market value in the statement of financial position and for the purpose of recognising interest revenue, the effective interest rate method should be applied to such assets based on the amortised cost. Gains and losses are recognised in OCI, except for the following items which are recognised in profit or loss:

- Interest revenue using the effective interest rate method;
- Expected credit losses and reversals; and
- Foreign exchange gains and losses

When the financial assets are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified from equity to profit or loss.

Given the Company's irrevocable election to designate equity instruments at FVOCI, all gains and losses are presented in OCI and are never reclassified to profit or loss upon derecognition or disposal. However, dividends are recognised as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. As at 31 December 2024, the Company disposed all equity instruments held in its portfolio.

Collective investment schemes, measured at FVOCI have been disposed of in 2024.

After initial recognition, other financial assets are measured at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and loss and any impairment loss are recognised in profit or loss. Any gain or loss made on the derecognition of the financial assets is recognised in profit or loss.

The Company is required to derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. When the financial asset is derecognised, the cumulative gains or losses previously recognised in OCI are reclassified from equity to profit and loss. In the case of equity instruments the cumulative gains or losses previously recognised in OCI are not reclassified to profit or loss.

3.5.4 **Impairment of financial assets subject to IFRS 9 *Financial Instruments***

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI.

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

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

(i) financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

(ii) 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 expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

3. Summary of material accounting policies - continued

3.5 Financial instruments - continued

3.5.4 Impairment of financial assets subject to IFRS 9 *Financial Instruments* - continued

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Company considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' (i.e., typically at least 'BBB-' rating by Standard & Poor or equivalent rating issued by other institutions) or in the case of non-rated debt, when the financial asset is less than 30 days past due. The Company's investment portfolio mostly comprises investment-grade debt securities.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or issuer, or a breach of contract such as a default or being more than 90 days past due.

Loss allowances for financial assets measured at amortised cost and FVOCI are deducted from the gross carrying amount of the assets and recognised in the profit and loss account (See Note 5.2). Further information pertaining to insurance and other receivables is described in Note 3.6.

The Company's financial assets in scope of IFRS 9 mainly pertain to its portfolio of debt securities, cash and cash equivalents and other receivables which primarily comprise of amounts due from portfolio manager and intermediaries for services performed in the ordinary course of business. Debt securities and cash and cash equivalents are considered to be in 'Stage 1' given their low credit risk arising from low default percentages as a result of the credit quality chosen. Other receivables are considered to be 'Stage 1' given that there has not been a significant increase in credit risk since origination as the Company monitors credit rating or financial position periodically.

3.5.5 Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value are reported in profit or loss. The Company's financial liabilities consist of other payables and subordinated loans which are measured at amortised cost.

3.6 Receivables

Receivables primarily comprise amounts due from investment portfolio manager in relation to monies owed from the liquidation of the investment portfolio held and amounts due from intermediaries in relation to business of insurance carried out by the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current. If not, they are presented as non-current.

The Company uses the impairment process described in Note 3.5.4.

When a receivable is uncollectible, it is written off against the loss allowance account for other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

3.7 Cash and cash equivalents

Cash and cash equivalents other than short-term highly liquid investments are carried in the statement of financial position at face value whilst short-term highly liquid investments are carried at fair value. In the statement of cash flows, cash and cash equivalents include demand deposits held with banks which are held for operational purposes and other short-term highly liquid investments. An investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition. As at 31st December 2024, the Company did not hold demand deposits with a maturity of three months or less from the date of acquisition. The Company did however hold short-term highly liquid investments in T-Bills (See Note 16).

3. Summary of material accounting policies - continued

3.8 Share capital and dividend distribution

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

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which an obligation to pay a dividend is established.

3.9 Capital contribution

Amounts advanced by the shareholder by way of contribution, which do not include a contractual obligation to settle in cash or another financial asset, are classified within equity. Balances which contain an obligation to transfer resources are classified as liabilities.

3.10 Current and deferred tax

The tax expense may comprise current and deferred tax. Tax is recognised in profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred 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 tax assets and liabilities relate to income taxes levied by the same taxation authority.

As a result of fiscal unity, applicable from year of assessment 2021, any current and deferred tax assets or liabilities shall be derecognised by the Company and a payable or receivable to parent company, as the principal taxpayer of the fiscal unit, is recognised instead.

3.11 Insurance and reinsurance contracts

3.11.1 Classification

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. 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.

All references to insurance contracts in these financial statements apply to insurance contracts issued or acquired and reinsurance contracts held, unless specifically stated otherwise. The Company does not have any legal form of insurance contracts that do not transfer significant insurance risk.

All insurance contracts issued and reinsurance contracts held are classified as contracts without direct participation features. All of these contracts are measured under the Premium Allocation Approach (PAA).

3. **Summary of material accounting policies** - continued

3.11 **Insurance and reinsurance contracts** - continued

3.11.2 Unit of account

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

In determining the level of aggregation requirements in line with IFRS 17, contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the entity's practical ability to set a different price or level of benefits for policyholders with different characteristics, an entity may include such contracts in the same group. This was applied by the Company to the Health Basic group of contracts it issues which is regulated by the Dutch Government.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

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 concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

Before the Company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct services other than insurance contract services.

The Company applies IFRS 17 to all remaining components of the contract. The Company does not have any contracts that require further separation or combination of insurance contracts.

3.11.3 Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

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

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
    i. the beginning of the coverage period of the group; and
    ii. the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

3. **Summary of material accounting policies** - continued

3.11 **Insurance and reinsurance contracts** - continued

3.11.3 Recognition - continued

unless 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, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

3.11.4 Modification and derecognition

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flows, unless the conditions for the derecognition of the original contract are met.

The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
  i. is not within the scope of IFRS 17;
  ii. results in different separable components;
  iii. results in a different contract boundary; or
  iv. belongs to a different group of contracts;
- the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, component separation aggregation requirements (see Notes 3.11.1 and 3.11.2).

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- if the contract is extinguished, any net difference between the derecognised part of the liability for remaining coverage ("LRC") of the original contract and any other cash flows arising from extinguishment;
- if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

To date, none of the insurance and reinsurance contracts have been modified or derecognised during the contract terms.

3. Summary of material accounting policies - continued

3.11 Insurance and reinsurance contracts - continued

3.11.5 Measurement

(a) Fulfilment cash flows

Fulfilment cash flows ("FCF) within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- are based on a probability-weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims ("LIC").

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

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

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 such estimates for the groups of underlying insurance contracts.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, using a weighted average between the gross premium written and the number of insured persons. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on a weighted-average approach of two specific variables, being insurance revenue and number of insured persons.

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

3. **Summary of material accounting policies** - continued

3.11 **Insurance and reinsurance contracts** - continued

3.11.5 Measurement - continued

(a) Fulfilment cash flows - continued

Contract boundary - continued

b. both of the following criteria are satisfied:
   i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
   ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

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

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

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

The excess of loss reinsurance contracts held provide coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts might include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

The Company's quota share reinsurance agreements held are on a risk attaching basis. Thus, estimates of future cash flows arising from all underlying contracts issued and expected to be issued within the reinsurance contract's boundary are included in the measurement of the reinsurance contracts.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as business development costs, are recognised in other operating expenses as incurred.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

Insurance acquisition costs

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

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. IFRS 17 requires that insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:
- to that group; and
- to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

The nature of insurance contracts issued, and acquisition cash flows incurred, by the Company are such that insurance acquisition cash flows do not pertain to renewals of insurance contracts. Consequently, the Company allocates insurance acquisition cash flows attributable to a group of insurance contracts solely to that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

3. **Summary of material accounting policies** - continued

3.11 **Insurance and reinsurance contracts** - continued

3.11.5 Measurement - continued

(a) Fulfilment cash flows - continued

Insurance acquisition costs - continued

Before a group of insurance contracts is recognised, the Company could pay (or recognise a liability, applying a standard other than IFRS 17) for directly attributable acquisition costs to originate them. Such pre-acquisition costs are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised (in full or to the extent that insurance contracts expected to be in the group have been recognised at that date) when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

Insurance acquisition cash flows assets not yet allocated to a group 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.

The recoverability assessment is performed in two steps, as follows:

i. 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;
ii. in addition, when insurance acquisition cash flows directly attributable to a group of contracts are allocated to groups that include expected contract renewals, such insurance acquisition cash flows should not exceed the expected net cash inflow from the expected renewals as determined by the FCF as at initial recognition for the expected renewals; an impairment loss is recognised for the excess to the extent not recognised in step (i) above.

To date, the Company does not have any pre-acquisition cash flows.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates. The Company does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

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

The risk adjustment was calculated at the issuing entity level and then allocated down to each group of contracts in accordance with their risk profiles. The cost of capital method was used to derive the overall risk adjustment for non-financial risk.

In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital relating to non-financial risk. The cost rate is set at 6% per annum, representing the return required to compensate for the exposure to non-financial risk. The capital is determined at a 99.5% confidence level, and it is projected in line with the run-off of the business. The diversification benefit is included to reflect the diversification in contracts sold across geographies, because this reflects the compensation that the entity requires.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 72.8% (2023: 72.8%).

3. **Summary of material accounting policies** - continued

3.11 **Insurance and reinsurance contracts** - continued

3.11.5 Measurement - continued

(a) Fulfilment cash flows - continued

Discount rates

The bottom-up approach was used to derive the discount rate for the cash flows on contracts within scope of IFRS 17. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). Most of the insurance contracts provided by the Company have a low illiquidity, thus the illiquidity premium is zero.

The risk-free interest rate curve was derived from EIOPA which is based on market data. This curve is based on 6 months Euribor swap rates, with a last liquid point of 20 years.

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

Years	**2024**	2023
1 Year	**2.24%**	3.36%
5 Years	**2.14%**	2.32%
10 Years	**2.27%**	2.39%
20 Years	**2.26%**	2.41%

(b) Initial and subsequent measurement – Groups of contracts measured under the PAA

The Company uses the PAA for measuring contracts with a coverage period of one year or less. This approach is used for the majority of insurance contracts the Company issues and the proportional reinsurance treaty covering the health portfolio, because each of these contracts has a coverage period of one year or less.

For other (re)insurance contracts that have a coverage period greater than one year, Eucare still applies the PAA given that this simplified measurement model does not lead to material difference in the measurement of the liability for remaining coverage between the PAA and the General Measurement Model ("GMM") and therefore, such contracts qualify to be measured using the PAA.

3. Summary of material accounting policies - continued

3.11 Insurance and reinsurance contracts - continued

3.11.5 Measurement - continued

(b) Initial and subsequent measurement – Groups of contracts measured under the PAA – continued

The excess of loss reinsurance contracts held by the Company are also accounted for under the PAA given that the coverage period of each contract in the group is one year or less.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group. For reinsurance contracts held, there are no acquisition cash flows attributed to such contracts.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:
a. the LRC; and
b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:
a. the asset for remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:
a. increased for premiums received in the period;
b. decreased for insurance acquisition cash flows paid in the period;
c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

The Company adjusts the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, since part of the insurance premiums are due over a period longer than the 12-month coverage period of contracts. The Company adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

There are no investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA.

For contracts measured under the PAA, the LIC comprises the FCF related to past service. The FCF are updated by the Company for current assumptions at the end of every reporting period using the current estimates of the amount, timing and uncertainty of FCF and discount rates. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred. Changes that relate to current or past service are recognised in profit or loss. Future cash flows are adjusted for the time value of money, since insurance contracts issued by the Company and measured under the PAA typically have a settlement period of over one year.

3. **Summary of material accounting policies** - continued

3.11 **Insurance and reinsurance contracts** - continued

3.11.5 Measurement - continued

(b) Initial and subsequent measurement – Groups of contracts measured under the PAA - continued

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM principles, with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are disaggregated between insurance service expenses and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Where applicable, changes in the loss-recovery component are disaggregated between net income from reinsurance contracts held (refer to Note 3.11.7) and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein in proportion to the disaggregation applied to the changes in the underlying loss component.

The Company does not have any reinsurance contracts held measured under the PAA with underlying contracts that are onerous.

3.11.6 Insurance service result from insurance contracts issued

Insurance revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

The Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

The Company considers insurance revenue to comprise amounts invoiced to the policyholder as well as amounts contributed from the Dutch Health Insurance Risk Equalization Fund ("HIREF") as described below.

3. Summary of material accounting policies - continued

3.11 Insurance and reinsurance contracts - continued

3.11.6 Insurance service result from insurance contracts issued - continued

Insurance revenue - continued

Premium – contributions from the Dutch Health Insurance Risk Equalisation Fund

In terms of Dutch regulations, the Company is entitled to contributions in addition to amounts invoiced to policyholders, which are considered to form part of 'premium'. These contributions from the Dutch HIREF are determined based on the relevant financial year risk equalisation model and assessments of future settlements. The estimated cash inflows still not yet received from the Dutch HIREF as at the year-end are included in the LIC.

Given that the majority of insurance contracts cover the period up to year-end, any remaining premium to be collected is transferred from the LRC to the LIC as premium for expired risk, provided that there is no remaining coverage for such contracts.

Insurance service expenses

Insurance service expenses include the following:
- incurred claims and benefits, reduced by loss component allocations;
- other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
- insurance acquisition cash flows amortisation;
- changes that relate to past service – changes in the FCF relating to the LIC; and
- changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
- insurance acquisition cash flows assets impairment, net of reversals.

Amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

3.11.7 Insurance service result from reinsurance contracts held

Net income / (expenses) from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:
- reinsurance expenses;
- incurred claims recovery, reduced by loss-recovery component allocations;
- other incurred directly attributable expenses;
- changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- effect of changes in the risk of reinsurers' non-performance; and
- income on initial recognition of onerous underlying contracts;

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services.

The Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

3. Summary of material accounting policies - continued

3.11 Insurance and reinsurance contracts - continued

3.11.8 Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:
- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

The main amounts within insurance finance income or expenses are:
- interest accreted on the LRC and LIC; and
- the effect of changes in interest rates and other financial assumptions.

For the contracts measured under the PAA, the Company includes all insurance finance income or expenses for the period in profit or loss (that is, the profit or loss option (the P/L option) is applied).

3.11.9 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from the Company's insurance intermediaries. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit and loss account (Note 3.5.4).

3.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.13 Insurance Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the Company's activities. Revenue is recognised upon performance of services, net of premium tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

(a) Rendering of services

Insurance revenue recognition is described in Note 3.11 dealing with insurance contracts.

Facility fees charged by the Core to the Cell in respect of services provided are realised in the period in which the income is generated. For practical purposes, when services are rendered over a specified period of time, revenue is realised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

(b) Investment income

Interest income from financial assets not classified as fair value through profit or loss is recognised using the effective interest rate method.

3. Summary of material accounting policies - continued

3.14 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

4. Critical accounting estimates in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

Estimates and assumptions 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 estimates and judgements that have a significant risk of resulting in a material adjustment in the reported amount of assets and liabilities within the next financial year are discussed below:

Ultimate cashflows arising from claims incurred under insurance contracts

As described in Note 3.11, the LIC comprises fulfilment cashflows relating to past service, whereby such cashflows are adjusted for the effects of the time value of money and the risk adjustment for non-financial risk. The LIC also comprises premium for expired risk which is transferred from the LRC, given it relates to past service. The gross discounted LIC excluding the expired risk premium transfer amounts to €153.0m (2023: €151.1m). Estimation uncertainty surrounding each of these elements is presented in this note.

The measurement of ultimate liability arising from claims, including those arising from specific arrangements with hospitals, involves the application of assumptions and estimate based calculations. The nature of the main business is such that the majority of claims are expected to be settled by the end of the next reporting period and is hence deemed to be of a relatively short-tail nature. The calculation of insurance contract liabilities is mainly based on statistical estimates. The Company is able to estimate this provision by due observance of claims patterns in previous months and years and by considering different actuarial methodologies. Further to estimating the total net claims amount via the most appropriate extrapolation method, the ultimate cost also includes other additional reserves for medical expenses and other costs including ambulance transportation, acute mental healthcare and treatment received abroad. Historical data, information obtained from government agencies and assumptions are applied in the derivation of these reserves.

Due to the degree of estimation uncertainty underlying the assumption that past claims experience is adequate to project future claims the amounts recognised may be materially different from actual results.

Notwithstanding all the described elements of uncertainty, management believes that the insurance contract liabilities (Note 17) as at 31 December 2024 is adequate.

4. Critical accounting estimates in applying accounting policies - continued

Ultimate estimated cash flow contributions from the Dutch Health Insurance Risk Equalisation Fund

As further described in Note 5.1, the private health insurance product offered in The Netherlands consists of two parts: basic health insurance and supplementary health insurance. Coverage within basic health insurance is compulsory and reflects what is determined by law. The basic health system does not permit risk selection by insurers for basic insurance. Premiums are fixed for an annual term and some insured persons such as minors are by law not required to pay a premium.

A risk mitigating mechanism, namely the HIREF, is in force in The Netherlands to reduce the uncertain exposure resulting from the basic health system. The process for final determination of the contributions from the HIREF is typically finalised over a period of four and a half years. This inherently introduces a degree of uncertainty.

The measurement of contributions due from the Dutch HIREF involves the assessment of future settlements, and is therefore dependent on assumptions around, *inter alia*, the health profile of the insured population, the development of national healthcare costs, and the allocation of healthcare costs to Equalisation Fund budget parameters. The assumption considered to be key in this regard is that the health profile of the insured population at any point in time is assumed to be consistent with its historical health profile. The actual health profile of the insured might change over time. Due to the degree of estimation uncertainty underlying this key assumption, the amounts recognised in the financial statements may result to be different from the actual amounts and these differences may be material.

Following the calculation of the HIREF, the ZiN performs some additional ex-post corrections to distribute the available budget fairly over health care insurers. These ex-post corrections are not performed on an individual insured level, but are performed based on the numbers of the total Dutch population. Deviations in these amounts on a national level can materialise and such deviations can have an impact on the quantum of the ex-post corrections attributable to Eucare. Therefore, the Company recognises those elements of ex-post corrections where the data available is considered reliable, whereas those elements of ex-post corrections for which the uncertainty around the reliability of the data is considered to be high are not recorded in the financial statements. The degree of estimation uncertainty involved in the calculation of such ex-post corrections may lead to a higher or lower estimate of the HIREF contributions and such movements may be material.

During the financial year ended 31 December 2024, the best estimate of contributions from the HIREF amounted to €300.2m, (2023: €277.5m). The discounted value has been recognised as insurance service revenue within insurance service result in the profit and loss account.

Despite these uncertainties, management is confident that all available data at the time of performing the calculation has been applied to derive the best possible estimate.

5. Risk and capital management

Insurance and reinsurance contracts expose the Company to underwriting risk, which comprises insurance risk, policyholder behaviour risk and expense risk.

In addition, the Company is exposed to financial and operational risks from insurance and reinsurance contracts and financial instruments. Financial risks include credit risk, liquidity risk and market risk. Market risk comprises currency risk, interest rate risk and other price risk.

This note presents information about the Company's risk exposure and the Company's objectives, policies and processes for measuring and managing risks and for managing capital.

5.1 Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The risk committee is responsible for approving and monitoring the Company's risk management policies and reports regularly to the board of directors on its activities. The Company's risk management policies are established to identify and analyse the risks faced, set appropriate risk limits and controls, and monitor adherence to risk limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced. It is assisted in its oversight role by internal audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the committee.

5.2 Underwriting risk

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

- Insurance risk: the risk transferred from the policyholder to the Company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.

- Policyholder behaviour risk: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums, withdraw deposits or annuitise a contract earlier or later than expected.

- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

5.2.1 Management of underwriting risk

The risk under any one 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. The terms and conditions of the contracts set out the basis for the determination of the Company's liability should the insured event occur.

The principal risk the Company faces from entering into insurance contracts is that the actual claims incurred, or the timing thereof, differ from expectations. This is influenced by the frequency of claims and severity of claims. Therefore, the objective of the Company is to ensure that the premium charged for each class of business is sufficient to cover expected policy acquisition, administration and claims costs, and that sufficient reserves are maintained to cover insurance contract liabilities.

5. Risk and capital management - continued

5.2 Underwriting risk - continued

5.2.1 Management of underwriting risk - continued

Basic Health Insurance Contracts

The health insurance system in The Netherlands provides for anyone who lives or works in The Netherlands to have mandatory private health insurance cover. Insurers have a duty to accept each insurance application without any selection. The basic health insurance covers the mandatory health care requirements and is provided by Eucare through two distinct products, namely 'Natura' which is an "in-kind" policy and 'Restitution' which is a reimbursement policy.

The Dutch Government determines the extent of coverage under the basic insurance package and the conditions applicable to the basic insurance package. Premiums for Basic Insurance sold in 2024 were published by the Company in November 2023 and once published remained fixed throughout the year under review.

Given the lack of selection in underwriting, the Company is also bound to receive contributions from the Dutch HIREF. Payments by this fund depend on the risk profile and the portfolio of the health insurance company. In combination with the nominal premium, payments from this fund are expected to equalise the claims level for all insurers.

Therefore, in such a system with risk-compensation measures, the risk of a non-average portfolio of insured customers is limited. These risks cover, amongst others, age, gender, medical status, type of employment, socio-economic status and geographic location, as well as an increase in the overall cost of health care.

After having estimated the risk equalisation amount that an insurer can expect based on calculations on the individual insured, the ZiN performs some additional ex-post corrections to distribute the available budget fairly over health care insurers. These ex-post corrections are not performed on an individual insured level, but are performed based on the numbers of the total Dutch population. Nevertheless, estimates of these adjustments are sourced from the information furnished by the ZiN and Zorgverzekeraars Nederland (ZN), and are integrated into the best estimate of the HIREF contributions.

Consequently, specifically due the basic health care cover, the Company also faces uncertainties as a result of the estimation of future contributions receivable from the Dutch HIREF. Additionally, as a member of the trade organization Zorgverzekeraars Nederland (ZN), like other members, the Company is impacted by uncertainties surrounding data used in the HIREF mechanism.

In 2023, the Dutch Healthcare Authority (NZa) and the Netherlands Healthcare Institute (ZiNL) started an investigation into the aids data. This resulted in the NZa refraining from giving an opinion on the 2022 aids data at a national level at the end of 2023 and in 2024 a postponement was granted for the submission of the 2023 aids data.

In view of the registration problems identified, the Ministry of Health, Welfare and Sport in The Netherlands has decided to set the standard amount of five HKG classes to zero in the ex-ante model for the 2024 risk equalisation. Following this, health insurers have made mutual agreements on a private correction for 2024, in order to neutralise the loss of equalising effect and the competitive differences that this creates between health insurers. For the 2025 risk equalisation, the full HKG characteristic has been removed from the ex-ante model by the Ministry of Health, Welfare and Sport and health insurers have again agreed on a private correction. For the 2023 risk equalisation, health insurers have not made any agreements on a private correction.

In the context of Zorgverzekeraars Nederland (ZN), work is being done on a structural solution to the registration problems for medical devices for the coming years. In parallel, further research was carried out in the past year into the risk equalisation years 2024 and 2023. It has now been determined that the intended recovery of the medical device data for 2022 and 2023 is not feasible, which is why alternative solutions are being sought, partly in consultation with VWS, NZa and ZiNL in the context of ZN. As a result, the impact on the risk equalisation contribution for 2024 and 2023 and thus on the 2024 annual accounts is currently not yet known. The current expectation is that the final decision-making - for which the consent of VWS, NZa and ZiNL is also required - will take place in the second quarter of 2025 at the earliest.

For the old years (risk equalisation years 2022, 2021 and 2020), health insurers have already received a first, second provisional or final determination from ZiNL. In the annual investigation into the risk equalisation for the aids

5. Risk and capital management - continued

5.2 Underwriting risk - continued

5.2.1 Management of underwriting risk - continued

***Basic Health Insurance Contracts** - continued*

data used in these determinations, NZa has correctly issued the judgment. There are currently no signals that NZa intends to withdraw its previously issued judgments, so no financial effect is expected.

Finally the Company also faces uncertainties arising from political decisions and growing competition. This is because the majority of the activities of the Company is governed by the Dutch Health Insurance Act. Thus, the Company is also subject to the risk that actual contributions from the Dutch HIREF are less than originally estimated by the Company. Notes 4 and 5 contain further information in this respect.

The Company has a number of measures in place to mitigate these uncertainties. The estimated receivable from the Dutch HIREF is based on best estimates of expected amounts. Estimates of the compensation from the Dutch HIREF are re-assessed throughout the four and half years until the final settlement by the responsible government agency, the ZiN, and adjustments to the provision are made accordingly.

Furthermore, the Company reduces the risk of potential increases in claims costs due to the increasing cost of treatment by agreeing a fixed price per treatment with healthcare providers for the respective calendar year, thus removing the uncertainty with regards to price movements of medical treatments within the calendar year.

Other Insurance Contracts

In addition to the Basic insurances the Company also offered a range of supplementary health and dental insurance products, as well as personal accident and income protection products. These products are not compulsory and therefore the Company has the possibility of making use of pricing and selection criteria.

In this case, a key component of the management of underwriting risk is having an appropriate and effective product strategy that ensures that appropriate premiums are charged for each type of assumed risk. The underwriting strategy of the Company also ensures that the Company's total exposure in terms of geography are limited through ensuring a well diversified book of business. This is in line with the Company's strategy to enter the French income protection market since 2021. The Income Protection insurance offered to statutory institutions in France, whereby public employers are required to provide public employees compensation in events resulting in the loss of income, is a statutory and obligatory type of insurance with a standardised cover for all providers. Although Eucare has the liberty to price as considered reasonable, it is subject to the submission of public tender documents and supporting quotations. The Company is not renewing its French income protection business in 2025 due to overall poor performance and significant capital requirements.

Thus, a significant mitigant to underwriting risk is the ability of the Company to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations. The Company also ensures that sufficient volume of similar risks is covered to enable it to better predict future claims over a wider risk base.

The estimated cost of claims includes direct expenses to be incurred in settling claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. An element of uncertainty associated with the ultimate liability for claims outstanding cannot be avoided. Claim estimates are analysed periodically in order to gain insight into more recent developments, thus assessing the adequacy of relevant reserves held.

5. Risk and capital management - continued

5.2 Underwriting risk - continued

5.2.1 Management of underwriting risk - continued

***Other Insurance Contracts** - continued*

The Company is also exposed to an unexpected accumulation of losses in a single year or arising from one event. Although this risk is not prevalent for health insurance, the Covid-19 pandemic illustrated the possibility of a shift in claims. As governments imposed several social restrictions and eventual ceasing/delay of non-emergency healthcare, the Company experience a decrease in the level of expected claims. Moreover, this was followed by a subsequent rise in the level of claims following the easing of such restrictions. Nonetheless, taking into consideration the other risks underwritten by Eucare, such as income protection, an unexpected accumulation of losses is most likely in the event of an accident where there is a concentration of insured persons, such as the workplace or in a stadium.

With respect to the exposure from the Personal Accident insurance portfolio, the Company is not exposed to any accumulation of losses in a single year or arising from one event since the risks are dispersed on an individual basis.

In calculating the estimated cost of unpaid claims, the Company considers the results of estimation techniques that are based partly on known information at year-end and partly on statistical analysis of historical trends provided by the Company's partnering intermediaries, giving due consideration to verifications by the Actuarial Function.

There were no significant changes in the Company's objectives, policies and processes for managing risk and the methods used to measure risk compared to the previous period.

Reinsurance Strategy

The Company entered into quota share reinsurance agreement for its health insurance portfolio, to spread the risk and limit exposure to underwriting losses. Under the terms of the reinsurance agreement, the reinsurer agrees to reimburse the Company for claims paid up to its proportional share.

Moreover, the Company has in place quota share reinsurance protection for its Dutch income protection portfolio, and non-proportional reinsurance for its personal accident portfolio.

All reinsurance arrangements are carried out with internationally reputable reinsurers, with an excellent financial standing. Notwithstanding this, the Company remains liable to its policyholders with respect to ceded insurance if the reinsurer fails to meet the obligations it assumes. The reinsurers for the health insurance portfolio have a S&P credit rating of AA, whilst the reinsurers for the Dutch income protection portfolio have a S&P credit rating of AA-.

5. Risk and capital management - continued

5.2 Underwriting risk - continued

5.2.2 Sensitivity analysis of underwriting risk

The following table presents information on how reasonably possible changes in assumptions made by the Company with regard to underwriting risk variables impact insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. These contracts are measured under the PAA and, thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

2023	LIC as at 31 December	Impact on LIC/AIC	Impact on loss before income tax	Impact on equity
	€	€	€	€
Insurance contract liabilities	76,023,187			
Reinsurance contract assets	(41,668,054)			
Net insurance contract liabilities	34,355,133			
Unpaid claims and expenses – 5% increase				
Insurance contract liabilities		7,330,452	(7,330,452)	(6,963,929)
Reinsurance contract assets		(612,631)	612,631	582,000
Net insurance contract liabilities		6,717,821	(6,717,821)	(6,381,929)
Interest rate – 1% increase				
Insurance contract liabilities		(588,212)	588,212	558,802
Reinsurance contract assets		285,091	(285,091)	(270,836)
Net insurance contract liabilities		(303,121)	303,121	287,966

2024	LIC as at 31 December	Impact on LIC/AIC	Impact on loss before income tax	Impact on equity
	€	€	€	€
Insurance contract liabilities	79,798,474			
Reinsurance contract assets	(37,452,436)			
Net insurance contract liabilities	42,346,038			
Unpaid claims and expenses – 5% increase				
Insurance contract liabilities		7,381,559	(7,381,559)	(7,012,481)
Reinsurance contract assets		(820,297)	820,297	779,282
Net insurance contract liabilities		6,561,262	(6,561,262)	(6,233,199)
Interest rate – 1% increase				
Insurance contract liabilities		(589,665)	589,665	560,182
Reinsurance contract assets		335,804	(335,804)	(319,014)
Net insurance contract liabilities		(253,861)	253,861	241,168

5.3 Financial risk

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. The key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance risk. The most important components of this financial risk are market risk (including fair value and cash flow interest rate risk and currency risk), credit risk and liquidity risk. The risk management policies employed by the Company to manage these risks are discussed below.

The Board of directors has approved an investment policy formulated by the Investment Committee that aims to ensure an adequate level of security, rate of return and liquidity of assets.

5. Risk and capital management - continued

5.3 Financial risk - continued

(a) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments, as well as variability of the FCF of insurance and reinsurance contracts due to variability in market risk variables. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Cash flow and fair value interest rate risk

In general, the Company is exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates. Assets issued at variable rates expose the Company to cash flow interest rate risk. Assets issued at fixed rates expose the Company to fair value interest rate risk. The investment committee is responsible for setting the interest rates relating to loans with related parties.

Similar to previous years, the Company was exposed to interest rate risk from the subordinated loan liabilities which are at fixed rates of interest therefore giving rise to fair value interest rate risk. The Company's operating cash flows are substantively independent of changes in market interest rates.

The Company is also exposed to interest rate risk through its investment portfolio, which is made up of debt securities. Fair value interest rate risk is the risk that the relative value of a security will worsen due to an interest rate increase. Interest rate risk is mitigated through the distribution of fixed interest investments over a range of maturity dates. Moreover, the Company's investment policy limits the amount of investment in any one asset class or towards any one counterparty.

The total assets subject to interest rate risk are the following:

	Core		Cell		Total	
	2024 **€**	2023 €	**2024** **€**	2023 €	**2024** **€**	2023 €
Assets at floating interest rates						
- listed debt securities	-	-	-	90,437	-	90,437
- listed equity securities	-	-	-	277,678	-	277,678
- collective investment schemes	-	-	-	322,389	-	322,389
Assets at fixed interest rates						
- listed debt securities	-	-	**40,241,659**	4,001,132	**40,241,659**	4,001,132
Total investment asset	-	-	**40,241,659**	4,691,636	**40,241,659**	4,691,636
Reinsurance contract assets	-	-	**37,452,436**	41,668,054	**37,452,436**	41,668,054
Total contract asset	-	-	**37,452,436**	41,668,054	**37,452,436**	41,668,054
Total assets	-	-	**77,694,095**	46,359,690	**77,694,095**	46,359,690

5. Management of insurance and financial risk - continued

5.3 Financial risk - continued

(a) Market risk - continued

Cash flow and fair value interest rate risk - continued

The total liabilities subject to interest rate risk are the following:

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Liabilities at fixed interest rates						
- subordinated loans	**-**	-	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Insurance contract liabilities			**79,798,474**	76,023,187	**79,798,474**	76,023,187
	-	-	**89,798,474**	86,023,187	**89,798,474**	86,023,187

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

Up to the statement of financial position date, the Company did not have any hedging policy with respect to the interest rate risk as exposure to such risks was not deemed to be significant by the directors. However, an analysis of the Company's sensitivity to various parameters regarding market interest rates as of the reporting date has been conducted. The parameters utilised for this analysis encompass:

2024 and 2023:
- A parallel upward/downward shift in interest rates for Sovereign Bonds by 0.5%;

Only for 2023:
- A parallel upward/downward shift in interest rates for Investment Grade USD Bonds by 1.25%;
- A parallel upward/downward shift in interest rates for Investment Grade EURO Bonds by 1.75%;
- A parallel upward/downward shift in interest rates for High-yield USD Bonds by 3.5%;
- A parallel upward/downward shift in interest rates for High-yield EURO Bonds by 4%.

A parallel upward shift in the interest rate parameters mentioned above, holding all other variables constant, would lead to a decrease in the Company's equity (before tax) by €101,840 (2023: €299,615). Conversely, a parallel downward shift in the interest rate parameters mentioned above, assuming all other variables remain constant, would result in an increase in the Company's equity (before tax) by €102,567 (2023: €340,287).

The interest rate risk exposure on insurance and reinsurance contracts has been disclosed in Note 5.2.2 (Sensitivity analysis of underwriting risk).

(b) Equity price risk

The Company's exposure to equity price risk arises from its investments in equity securities and collective investment schemes that invest in equities. The Company's risk committee regularly monitors equity price risk and manages material investments on an individual basis. Investment limits require the Company to hold diversified portfolios of assets and restrict concentrations to geographies and industries. The Company does not have a significant concentration of equity price risk.

As at 31st December 2024, the Company had €Nil (2023: €277,678) in equity securities and €Nil (2023: €322,389) in collective investment schemes with underlying equity instruments. The results of the sensitivity analysis carried out in 2023 revealed that a 10% fluctuation in European market equity prices and a 15% variation in US market equity prices could potentially yield a €60,792 impact on the Company's pre-tax profits.

5. Management of insurance and financial risk - continued

5.3 Financial risk - continued

(c) Currency risk

Currency risk relates to the risk of fluctuations in the value of financial instruments and assets and liabilities due to changes in exchange rates. The Company may experience losses arising from a decrease in value of its assets held in foreign currency. As the Company's reserves arising from its core operation are wholly denominated in euro due to the fact that all insurance policies are written in euro, funds are largely invested in euro instruments and exposure to foreign currencies is minimal.

At 31 December 2024, the Company was not exposed to foreign currency on the investment portfolio, In 2023 the exposure principally consisted of the US dollar, amounting to €578,372. If the above currency had weakened or strengthened by 4% against the euro with all other variables held constant, pre-tax profit for the year would have been lower by €20,524 or higher by €20,524.

(d) 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 objectives and policies of the Company aim to prevent and detect risks of default.

Key areas where the Company is exposed to credit risk are:

- Investment portfolios of debt securities – Up to 2023, the Company had assigned discretionary power to its investment manager to take decisions to sell any investments with high default risk. The investment policy in place defines asset allocation and diversification and this policy is reviewed at least annually. The investment reports containing investment performance, including credit ratings are reviewed monthly by management and sample checks carried out. During 2024 the Company terminated its investment management agreement and shifted its focus to investing entirely in AAA rated sovereign European Bonds which are zero-coupon bonds.

- Receivables arising out of direct insurance operations - such amounts are part of other receivables (Note 15) and are due by intermediaries whereby this risk is therefore not deemed to be significant as there are no indicators that these counterparties will be unable to meet their obligations. The Company has policies and processes in place to apply oversight and monitoring of its appointed intermediaries, including review of audited financial statements and going concern assessments. The Company also ensures internal controls and business continuity plans are in place and tested and reviews agreements with its partners on a yearly basis.

- Reinsurance contract assets - such amounts are mainly due by reputable reinsurers rated between AA- and AA (2023: AA-), and this risk is therefore not deemed to be significant as there are no indicators that these business units will be unable to meet their obligations. The Company reviews credit ratings and solvency positions on an ongoing basis.

  The amount that best represent the maximum exposure to credit risk in reinsurance contract assets at the reporting dates are analysed below, using the Company's credit risk rating grading.

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Maximum credit risk exposure						
AA- to AA	-	-	**37,452,436**	41,668,054	**37,452,436**	41,668,054
Total	-	-	**37,452,436**	41,668,054	**37,452,436**	41,668,054

- Cash and cash equivalents - the Company seeks to manage this risk by mainly undertaking transactions with reputable counterparties which carried a rating of A+ (2023: A+) therefore having low credit risk. The Company also seeks to invest in short term T-Bills with counterparties carrying a credit rating of between AA to AAA. Only an insignificant amount of cash was held with an unrated counterparty. The Company reviews credit ratings and solvency positions on an ongoing basis.

5. Management of insurance and financial risk - continued

5.3 Financial risk - continued

(d) *Credit risk* - continued

The carrying amounts disclosed on Notes 12, 15 and 16 represent the maximum exposure to credit risk. The Company does not hold any collateral as security to its credit risk.

The Company has the following types of financial assets that are subject to the expected credit loss model:

- Financial investments
- Cash and cash equivalents
- Other receivables
  - Due from related parties
  - Due from insurance intermediaries
  - Due from portfolio manager

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI. Unless specifically indicated, the amounts in the table represent gross carrying amounts. All assets were subject to a 12-month expected credit loss allowance since the Company has observed no significant deterioration in credit quality since initial recognition or low credit risk is involved.

	Core		Cell		Total	
	2024 €	2023 €	**2024 €**	2023 €	**2024 €**	2023 €
Financial investments						
Debt securities	-	-	**40,241,796**	4,100,383	**40,241,796**	4,100,383
Equity securities	-	-	-	277,678	-	277,678
Collective investment schemes	-	-	-	322,389	-	322,389
Loss allowance	-	-	**(137)**	(8,814)	**(137)**	(8,814)
Fair value	-	-	**40,241,659**	4,691,636	**40,241,659**	4,691,636
Other Receivables						
Receivables arising out of direct insurance operations						
Due from intermediaries	-	-	**111,865**	21,416,307	**111,865**	21,416,307
Loss allowance	-	-	**(833)**	(190,355)	**(833)**	(190,355)
Amortised cost	-	-	**111,032**	21,225,952	**111,032**	21,225,952
Other receivables						
Receivable from immediate parent	-	-	**1,154,273**	751,006	**1,154,273**	751,006
Loss allowance	-	-	-	-	-	-
Amortised cost	-	-	**1,154,273**	751,006	**1,154,273**	751,006
Receivable from the Cell	**1,182,899**	1,088,845	-	-	**1,182,899**	1,088,845
Loss allowance	**(1,774)**	(82)	-	-	**(1,774)**	(82)
Amortised cost	**1,181,125**	1,088,763	-	-	**1,181,125**	1,088,763
Receivable from sister company	**69,809**	56,810	-	-	**69,809**	56,810
Loss allowance	**(2,608)**	(628)	-	-	**(2,608)**	(628)
Amortised cost	**67,201**	56,182	-	-	**67,201**	56,182

5. Management of insurance and financial risk - continued

5.3 Financial risk - continued

(d) *Credit risk* - continued

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Receivable from portfolio manager	**-**	-	**94,057**	266,707	**94,057**	266,707
Loss allowance	**-**	-	**(169)**	(101)	**(169)**	(101)
Amortised cost	**-**	-	**93,888**	266,606	**93,888**	266,606
Cash and cash equivalents						
Debt securities	**-**	-	**25,505,527**	-	**25,505,527**	-
Loss allowance			**(57)**		**(57)**	
Amortised cost	**-**	-	**25,505,470**	-	**25,505,470**	-
Cash at bank	**1,578,738**	1,386,031	**365,451**	38,998,030	**1,944,189**	40,384,061
Loss allowance	**(592)**	(520)	**(581)**	(14,624)	**(1,173)**	(15,144)
Amortised cost	**1,578,146**	1,385,511	**364,870**	38,983,406	**1,943,016**	40,368,917

The loss allowance reconciles to the closing balance as follows:

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Balance at 1 January	**1,230**	1,012	**213,894**	172,942	**215,124**	173,954
Increase / (Decrease) in loss allowance recognised in profit and loss during the year	**3,744**	218	**(212,117)**	40,952	**(208,373)**	41,170
At 31 December	**4,974**	1,230	**1,777**	213,894	**6,751**	215,124

The carrying amounts disclosed above represent the maximum exposure to credit risk.

These assets are analysed in the table below using Standard & Poor's rating (or equivalent).

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
BBB- to AAA	**1,578,146**	1,385,511	**66,192,827**	42,775,540	**67,770,973**	44,161,051
BB- to BB+	**-**	-	**-**	397,386	**-**	397,386
B- to B+	**-**	-	**-**	168,655	**-**	168,655
Not rated	**1,248,326**	1,144,945	**1,278,365**	22,577,025	**2,526,691**	23,721,970
	2,826,472	2,530,456	**67,471,192**	65,918,606	**70,297,664**	68,449,062

5. Management of insurance and financial risk - continued

5.3 Financial risk - continued

(e) Liquidity risk

The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its insurance contract liabilities and its financial liabilities, which comprise principally of Other payables, and the subordinated loans (refer to Notes 17, 18 and 19). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations. Furthermore, the Company invests its assets in listed investments that can be readily disposed of.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month period and ensures that no additional financing facilities are expected to be required over the coming year. The Company's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from insurance and reinsurance transactions.

The following table shows the cash flows expected to arise pertaining to insurance and other liabilities as well as the contractual maturity of financial assets as at reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial Assets	**No fixed maturity**	**Up to one year**	**Between one and two years**	**Between two and five years**	**Beyond five years**	**Total**
	€	**€**	**€**	**€**	**€**	**€**
As at 31 December 2023						
Core						
Other receivables	-	1,212,698	-	-	-	**1,212,698**
Cash and cash equivalents	1,385,511	-	-	-	-	**1,385,511**
Cell						
Financial investments	600,068	290,082	354,717	1,566,446	1,880,323	**4,691,636**
Reinsurance contract asset	-	36,892,299	1,411,745	1,658,673	1,705,337	**41,668,054**
Other receivables	269,127	21,227,974	751,006	-	-	**22,248,107**
Cash and cash equivalents	38,983,406	-	-	-	-	**38,983,406**
	41,238,112	**59,623,053**	**2,517,468**	**3,225,119**	**3,585,660**	**110,189,412**

Financial Assets	**No fixed maturity**	**Up to one year**	**Between one and two years**	**Between two and five years**	**Beyond five years**	**Total**
	€	**€**	**€**	**€**	**€**	**€**
As at 31 December 2024						
Core						
Other receivables	-	1,285,238	-	-	-	**1,285,238**
Cash and cash equivalents	1,578,146	-	-	-	-	**1,578,146**
Cell						
Financial investments	-	40,241,659	-	-	-	**40,241,659**
Reinsurance contract asset	-	32,722,851	(21,110)	2,151,273	2,599,422	**37,452,436**
Other receivables	101,076	111,032	1,154,273	-	-	**1,366,381**
Cash and cash equivalents	364,870	25,505,470	-	-	-	**25,870,340**
	2,044,092	**99,866,250**	**1,133,163**	**2,151,273**	**2,599,422**	**107,794,200**

5. Management of insurance and financial risk - continued

5.3 Financial risk - continued

(e) Liquidity risk - continued

Financial Liabilities	Up to one year €	Between one and two years €	Between three and five years €	Beyond five Years €	Total €
As at 31 December 2023					
Core					
Other payables	362,933	-	-	-	**362,933**
Lease liabilities	135,621	52,126	36,434	-	**224,181**
Cell					
Insurance contract liability	61,931,925	6,652,068	5,369,789	2,069,405	**76,023,187**
Other payables	719,121	-	-	-	**719,121**
Subordinated loans	3,775,100	560,000	1,680,000	8,120,000	**14,135,100**
	66,924,700	**7,264,194**	**7,086,223**	**10,189,405**	**91,464,522**

Financial Liabilities	Up to one year €	Between one and two years €	Between three and five years €	Beyond five Years €	Total €
As at 31 December 2024					
Core					
Other payables	418,079	-	-	-	**418,079**
Lease liabilities	113,867	119,008	186,109	-	**418,984**
Cell					
Insurance contract liability	63,577,231	6,261,414	6,847,803	3,112,026	**79,798,474**
Other payables	1,512,983	-	-	-	**1,512,983**
Subordinated loans	775,100	775,100	12,325,300	-	**13,875,500**
	66,397,260	**7,155,522**	**19,359,212**	**3,112,026**	**96,024,020**

5.4 Capital risk management

The Company defines capital as Shareholder's Equity. The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by the Maltese insurance regulator (MFSA);
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurate with the level of risk.

The Company's Minimum Capital Requirement Absolute Floor stands at €2,700,000 as per paragraph 5.6.4 of Chapter 5 ('Valuation of assets and liabilities, technical provisions, own funds, Solvency Capital Requirement, Minimum Capital Requirement and investment rules') of Part B of the Insurance Rules.

5. Management of insurance and financial risk - continued

5.4 Capital risk management - continued

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 required to hold regulatory capital for its general insurance business in compliance with Maltese insurance legislation and the rules issued by the MFSA. During the reporting year, the Company has complied with all externally imposed capital requirements during the year.

Any transactions that may affect the Company's solvency position are immediately reported to the directors and shareholders for resolution, prior to notifying MFSA. Any potential shortfall in capital requirements necessitates the development of a recovery plan with a list of possible actions.

The insurance business regulations that came into force on 1 January 2016 as a result of the Solvency II Directive stipulate that the Company must hold eligible own funds to cover the 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.

During the year, the Company opted for the standard formula under the Solvency II regime to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile.

Based on management calculations to date, the Company is sufficiently capitalised and was compliant at all times with the regulatory capital requirements as stipulated by the MFSA which are in line with the Solvency II requirements. As at 31 December 2024 and 2023 the Company's eligible own funds adequately covered the required SCR and MCR.

5.5 Fair value estimation

When measuring the fair values of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels following the fair value hierarchy below:

- Level 1: quoted market price – assets and liabilities with quoted prices for identical assets or liabilities in active markets.
- Level 2: valuation technique using observable inputs – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: valuation technique with significant unobservable inputs – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2024 and 2023 the carrying amounts of cash and cash equivalents, Other receivables and Other payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

Regarding its investment portfolio, the Company considers that, whenever it is available, 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.

If there is no price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The Company refers to the evaluated prices obtained from its portfolio manager which includes market-based pricing factors.

The fair value hierarchy of the Company's financial investments is disclosed in Note 12.

At 31 December 2024 and 2023 the carrying amount of the Company's other financial assets and liabilities approximated their fair values.

6. Insurance revenue and expenses

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts for 2024 and 2023 is included in the following tables. Additional information on amounts recognised in profit or loss is included in the insurance contract balances reconciliations in Note 17.

	Cell	
	2024	2023
	€	€
Insurance revenue		
Insurance revenue from contracts measured under PAA	**672,840,981**	610,503,058
Total insurance revenue	**672,840,981**	610,503,058
Insurance service expenses		
Incurred claims and other directly attributable expenses	**(4,958,418)**	(4,443,881)
Changes that relate to past service – changes in the FCF relating to the LIC	**(629,252,649)**	(568,775,530)
Losses on onerous contracts and reversal of those losses	**-**	25,422
Insurance acquisition cash flows amortisation	**(31,796,943)**	(27,131,592)
Total insurance service expenses	**(666,008,010)**	(600,325,581)
Net income (expenses) from reinsurance contracts held		
Reinsurance expenses – contracts measured under the PAA	**(531,593,878)**	(489,398,860)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	**519,871,372**	475,319,835
Total net expenses from reinsurance contracts held	**(11,722,506)**	(14,079,025)
Total insurance service result	**(4,889,535)**	(3,901,548)

7. Investment return and insurance finance expenses

Investment income

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Bank interest income	**53,470**	22,621	**1,761,408**	793,251	**1,814,878**	815,872
Interest receivable from financial assets that are not at fair value through profit or loss	**-**	-	**326,260**	146,209	**326,260**	146,209
Dividend Income	**-**	-	**18,731**	10,257	**18,731**	10,257
Net gains from financial assets	**-**	-	**28,335**	-	**28,335**	-
Exchange differences	**-**	-	**13,602**	1,103	**13,602**	1,103
	53,470	22,621	**2,148,336**	950,820	**2,201,806**	973,441

7. Investment return and insurance finance expenses - continued

Investment expenses and charges

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Net (gain) / loss from disposal of financial assets	**-**	-	**(35,806)**	32,081	**(35,806)**	32,081
Investment expenses	**-**	-	**47,129**	28,320	**47,129**	28,320
Exchange differences	**-**	-	**4,896**	24,301	**4,896**	24,301
	-	-	**16,219**	84,702	**16,219**	84,702
Total investment Income	**53,470**	22,621	**2,132,117**	866,118	**2,185,587**	888,739

Net insurance finance income / (expenses)

	Cell	
	2024	2023
	€	€
Finance expenses from insurance contracts issued		
Interest accreted	**(7,693,351)**	(11,352,040)
Effect of changes in interest rates and other financial assumptions	**418,061**	(419,322)
Finance expenses from insurance contracts issued	**(7,275,290)**	(11,771,362)
Finance income from reinsurance contracts held		
Interest accreted	**5,235,692**	9,581,864
Effect of changes in interest rates and other financial assumptions	**(634,610)**	(43,746)
Finance income from reinsurance contracts held	**4,601,082**	9,538,118
Net insurance finance result	**(2,674,208)**	(2,233,244)

Summary of amounts recognised

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Summary of the amounts recognised in profit or loss						
Net investment income	**53,470**	22,621	**2,132,117**	866,118	**2,185,587**	888,739
Net insurance finance expenses	**-**	-	**(2,674,208)**	(2,233,244)	**(2,674,208)**	(2,233,244)
Gain / (loss) on financial assets	**(4,268)**	(218)	**213,508**	(40,915)	**209,240**	(41,133)
Net insurance and investment result	**49,202**	22,403	**(328,583)**	(1,408,041)	**(279,381)**	(1,385,638)

8. Other operating expenses

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Acquisition costs	**-**	-	**31,796,943**	27,131,592	**31,796,943**	27,131,592
Maintenance expenses	**4,095,953**	4,051,043	**6,737,070**	6,308,226	**10,833,023**	10,359,269
	4,095,953	4,051,043	**38,534,013**	33,439,818	**42,629,966**	37,490,861
Allocated as follows:						
Insurance service expenses	**-**	-	**36,755,361**	31,575,473	**36,755,361**	31,575,473
Other operating expenses	**4,095,953**	4,051,043	**1,778,652**	1,864,345	**5,874,605**	5,915,388
	4,095,953	4,051,043	**38,534,013**	33,439,818	**42,629,966**	37,490,861

Expenses which are directly related to the acquisition and servicing of insurance contracts are included in the carrying amount of insurance contract liabilities and form part of the insurance service result (Note 6). Acquisition costs, including commissions and MGA fees are specifically allocated to insurance contracts. Maintenance expenses are identified between those that are directly attributable and those indirectly incurred to partly fulfil insurance obligations. Maintenance expenses which are not directly related to the acquisition and servicing of insurance contracts are included in other operating expenses.

During the year, the Core charged a facility fee to the Cell in terms of an agreement between the two. The facility fee amounting to €4,104,792 (2023: €4,055,304) is included as other income for the Core and as a maintenance expense for the Cell.

Auditor's fees

Fees charged by the auditor (excluding VAT) for services rendered during the financial year ended 31 December relate to the following:

	2024	2023
	€	€
Statutory audit	**195,000**	465,000
Solvency II audit	**23,100**	23,100
	218,100	488,100

Maintenance expenses include the following:

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Management fees	**45,000**	40,000	**193,901**	120,000	**238,901**	160,000
Staff costs and directors' fees (Note 9)	**2,114,513**	1,975,393	**-**	-	**2,114,513**	1,975,393
Depreciation and amortisation	**356,996**	259,000	**-**	-	**356,996**	259,000

9. Staff costs and directors' fees

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Salaries and related costs	**1,243,128**	1,136,795	**-**	-	**1,243,128**	1,136,795
Directors' fees	**833,278**	811,066	**-**	-	**833,278**	811,066
Social security costs	**38,107**	27,532	**-**	-	**38,107**	27,532
	2,114,513	1,975,393	**-**	-	**2,114,513**	1,975,393

The average number of persons appointed/employed in the Core (Cell: none) during the year was:

	2024	2023
Directors	**4**	5
Managerial	**10**	8
Technical	**3**	3
	17	16

10. Interest expense

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Interest expense on lease	**8,316**	4,261	**-**	-	**8,316**	4,261
Interest expense on subordinated loans	**-**	-	**775,100**	775,100	**775,100**	775,100
Total interest expense	**8,316**	4,261	**775,100**	775,100	**783,416**	779,361

11. Tax expense

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Current tax (expense) / credit	**(2,497)**	(1,078)	**405,436**	392,191	**402,939**	391,113
Tax (expense) / credit	**(2,497)**	(1,078)	**405,436**	392,191	**402,939**	391,113

11. Tax expense - continued

Since 2021, ECHC Group has applied the fiscal unity under the Consolidated Group (Income Tax) Rules. All companies forming part of this fiscal unit, including Eucare Insurance PCC Limited, are allowed to apply a blended tax rate of 5% on their taxable profits. There is no difference between the theoretical and effective tax charge, resulting in the following overview:

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Profit / (loss) before tax	**49,725**	22,403	**(7,771,870)**	(7,949,034)	**(7,722,145)**	(7,926,631)
Tax on profit / (loss) at 5%	**(2,486)**	(1,120)	**388,594**	397,452	**386,108**	396,332
Adjusted for tax effect of:						
Tax charge adjustment relating to prior period	**(11)**	42	**16,842**	(5,261)	**16,831**	(5,219)
Tax (expense) / credit	**(2,497)**	(1,078)	**405,436**	392,191	**402,939**	391,113

12. Financial investments

The financial investments are summarised by measurement category in the table below.

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Fair value through other comprehensive income	**-**	-	**40,241,659**	4,691,636	**40,241,659**	4,691,636
	-	-	**40,241,659**	4,691,636	**40,241,659**	4,691,636

Investments at fair value through other comprehensive income is analysed by type of investment as follows

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Debt securities – fixed interest:						
-Government bonds (listed)	**-**	-	**40,241,659**	689,145	**40,241,659**	689,145
-Other corporate bonds (listed)	**-**	-	**-**	3,311,987	**-**	3,311,987
Debt securities – floating interest:						
-Other corporate bonds (listed)	**-**	-	**-**	90,437	**-**	90,437
Equity securities	**-**	-	**-**	277,678	**-**	277,678
Collective investment schemes	**-**	-	**-**	322,389	**-**	322,389
Total investments at fair value through other comprehensive income	**-**	-	**40,241,659**	4,691,636	**40,241,659**	4,691,636

12. **Financial investments** - continued

Financial investments mature as follows:

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Within one year	-	-	**40,241,659**	290,082	**40,241,659**	290,082
Between one and two years	-	-	-	354,717	-	354,717
Between two and five years	-	-	-	1,566,446	-	1,566,446
Beyond five years	-	-	-	1,880,323	-	1,880,323
No fixed maturity	-	-	-	600,068	-	600,068
	-	-	**40,241,659**	4,691,636	**40,241,659**	4,691,636

Reconciliation of financial investments at fair value through other comprehensive income

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
At beginning of reporting year	-	-	4,691,636	2,949,138	4,691,636	2,949,138
Additions	-	-	**48,463,041**	3,382,473	**48,463,041**	3,382,473
Disposals	-	-	**(7,210,451)**	(1,867,060)	**(7,210,451)**	(1,867,060)
Maturities	-	-	**(5,800,000)**	-	**(5,800,000)**	-
Fair value movements recorded in other comprehensive income	-	-	**88,755**	224,656	**88,755**	224,656
Impairment allowance	-	-	**8,678**	2,429	**8,678**	2,429
At end of reporting year	-	-	**40,241,659**	4,691,636	**40,241,659**	4,691,636

Fair value hierarchy

	2024 Level 1	**2024 Level 2**	**2024 Level 3**
	€	**€**	**€**
31 December			
Financial investments			
Debt securities	-	**40,241,659**	-
Total financial assets shown at fair value	-	**40,241,659**	-

	2023 Level 1	2023 Level 2	2023 Level 3
	€	€	€
31 December			
Financial investments			
Debt securities	-	4,091,569	-
Equity securities	-	277,678	-
Collective investment schemes	-	322,389	-
Total financial assets shown at fair value	-	4,691,636	-

Fair value measurements classified as Level 2 is made up of government debt securities, in view of their trading characteristics.

13. Intangible asset - Core

	Computer Software €
Year ended 31 December 2023	
Opening net book amount	337,492
Additions	
- Purchases	62,091
- Internally developed	248,661
Amortisation charge	(102,314)
Closing net book amount	**545,930**
As at 31 December 2023	
Cost	967,365
Accumulated amortisation	(421,435)
Net book amount	**545,930**
Year ended 31 December 2024	
Opening net book amount	545,930
Additions	
- Purchases	8,415
- Internally developed	16,461
Amortisation charge	(193,865)
Closing net book amount	**376,941**
As at 31 December 2024	
Cost	992,241
Accumulated amortisation	(615,300)
Net book amount	**376,941**

These assets are considered to be non-current in nature.

14. Tangible assets - Core

	Computer equipment €	Office furniture, fixtures and fittings €	Total €
Year ended 31 December 2023			
Opening net book amount	25,618	63,920	89,538
Additions	22,211	2,720	24,931
Depreciation charge	(16,564)	(10,549)	(27,113)
Closing net book amount	**31,265**	**56,091**	**87,356**
As at 31 December 2023			
Cost	263,283	105,478	368,761
Accumulated depreciation	(232,018)	(49,387)	(281,405)
Net book amount	**31,265**	**56,091**	**87,356**
Year ended 31 December 2024			
Opening net book amount	31,265	56,091	87,356
Additions	8,306	-	8,306
Disposals - cost	(2,155)	-	(2,155)
Depreciation charge	(15,971)	(10,548)	(26,519)
Disposals – accumulated depreciation	1,751	-	1,751
Closing net book amount	**23,196**	**45,543**	**68,739**
As at 31 December 2024			
Cost	269,434	105,478	374,912
Accumulated depreciation	(246,238)	(59,935)	(306,173)
Net book amount	**23,196**	**45,543**	**68,739**

The disposal of assets is a non-cash transaction, relating to a write-off of assets that are no longer being used.

These assets are considered to be non-current in nature.

15. Other receivables

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Receivables arising out of direct insurance operations						
Due from intermediaries	-	-	**111,032**	21,225,952	**111,032**	21,225,952
	-	-	**111,032**	21,225,952	**111,032**	21,225,952
Other receivables						
Receivable from immediate parent	-	-	**1,154,273**	751,006	**1,154,273**	751,006
Receivable from the Cell	**1,181,125**	1,088,763	-	-	**1,181,125**	1,088,763
Receivable from a sister company	**67,201**	56,182	-	-	**67,201**	56,182
Receivable from portfolio manager	-	-	**93,888**	266,606	**93,888**	266,606
Tax held at source	-	-	**7,188**	2,521	**7,187**	2,521
	1,248,326	1,144,945	**1,255,349**	1,020,133	**2,503,674**	2,165,078
Prepayments	**36,912**	54,255	-	22	**36,912**	54,277
Accrued income	-	13,498	-	2,000	-	15,498
	36,912	67,753	-	2,022	**36,912**	69,775
	1,285,238	1,212,698	**1,366,381**	22,248,107	**2,651,619**	23,460,805

Amounts receivable from immediate parent, Cell and sister Company are unsecured and interest-free.

Information about the Company's exposure to credit risks and impairment losses for other receivables is included in Note 5.3(d).

Amount receivable by Core does not agree to the amount payable to Core due to the technical expense allocation required under IFRS17.

The information about the nature of receivables is included in Note 5.3(e).

16. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents are current in nature and comprise the following:

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Debt securities	-	-	**25,505,470**	-	**25,505,470**	-
Cash at bank - current portion	**1,578,146**	1,385,511	**364,870**	38,983,406	**1,943,016**	40,368,917
	1,578,146	1,385,511	**25,870,340**	38,983,406	**27,448,486**	40,368,917

Information about the Company's exposure to credit risks and impairment losses for cash and cash equivalents is included in Note 5.3(d).

17. Insurance contract liabilities and reinsurance contracts assets

17.1 Composition of the Statement of Financial Position

An analysis of the amounts presented on the Statement of Financial Position for insurance contracts is included in the table below:

	2024 €	2023 €
Insurance contract liabilities		
Insurance contract liabilities excluding insurance acquisition cashflows assets and other pre-recognition cashflows	**79,798,474**	76,023,187
Insurance contract liabilities	**79,798,474**	76,023,187
Reinsurance contract assets		
Reinsurance contract assets excluding other pre-recognition cash flows	**37,452,436**	41,668,054
Reinsurance contract assets	**37,452,436**	41,668,054

The carrying amounts of insurance and reinsurance contracts expected to be settled (recovered) more than 12 months after the reporting date is included in Note 5.3. Also, detailed reconciliations of changes in insurance contract balances during the reporting periods are included in Note 17.3.

17.2 Gross and net claims development

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of the table below illustrates how the Company's estimate of total claims cost incurred for each underwriting year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position.

The Company internally aggregates claims information by reference to the year in which the policy was underwritten (underwriting-year basis). As a result, the tables below present gross and net claims development on an underwriting year basis.

17. Insurance contract liabilities and reinsurance contracts assets - continued

17.2 Gross and net claims development - continued

Gross claims development

Underwriting year	2019 €	2020 €	2021 €	2022 €	2023 €	2024 €	**Total** **€**
Estimates of ultimate claims costs (gross of reinsurance, inclusive of other directly attributable expenses related to claims management):							
- at end of financial year	110,540,410	482,640,519	503,187,545	526,451,330	567,575,254	**635,711,817**	
- one year later	114,566,656	483,347,984	512,475,248	523,938,422	**569,149,628**		
- two years later	113,657,448	483,179,926	506,826,103	**519,429,277**			
- three years later	113,580,089	483,018,582	**506,366,711**				
- four years later	113,574,436	**482,737,285**					
- five years later	**113,587,865**						
Current estimates of cumulative claims	**113,587,865**	**482,737,285**	**506,366,711**	**519,429,277**	**569,149,628**	**635,711,817**	**2,826,982,583**
Cumulative payments to date	(113,575,884)	(482,412,584)	(505,597,575)	(515,010,332)	(562,382,586)	(499,507,863)	**(2,678,486,824)**
Gross liabilities for incurred claims	11,981	324,701	769,136	4,418,945	6,767,042	136,203,954	148,495,759
Effect of discounting	(142)	777	22,523	(245,870)	(708,984)	(668,508)	(1,600,204)
Effect of the risk adjustment margin for non-financial risk	72	1,651	17,404	131,047	513,671	4,718,268	5,382,113
Effect of directly attributable expenses	-	-	-	133,136	(26,539)	967,312	1,073,909
Transfer of premium receivable for expired risk	-	(670,280)	(3,723,903)	3,337,440	1,551,888	(74,237,977)	(73,742,832)
Gross LIC for the contracts originated (Note 17.3)	**11,911**	**(343,151)**	**(2,914,840)**	**7,774,698**	**8,097,078**	**66,983,049**	**79,608,745**

17. Insurance contract liabilities and reinsurance contracts assets - continued

17.2 Gross and net claims development - continued

Net claims development

Underwriting year	2019 €	2020 €	2021 €	2022 €	2023 €	2024 €	**Total €**
Estimates of ultimate claims costs (net of reinsurance, inclusive of other directly attributable expenses related to claims management):							
- at end of financial year	22,108,082	72,359,576	84,910,562	94,170,976	103,630,740	**114,095,596**	
- one year later	22,913,331	73,422,981	89,893,670	89,352,948	**104,475,914**		
- two years later	22,731,489	73,071,715	84,643,669	**88,653,771**			
- three years later	22,717,139	72,428,120	**84,634,407**				
- four years later	22,714,887	**72,404,691**					
- five years later	**22,717,573**						
Current estimates of cumulative net claims	**22,717,573**	**72,404,691**	**84,634,407**	**88,653,771**	**104,475,914**	**114,095,596**	**486,981,952**
Cumulative net payments to date	(22,715,177)	(72,338,072)	(84,098,452)	(86,766,496)	(97,404,245)	(80,274,249)	**(443,596,691)**
Net liabilities for incurred claims	2,396	66,619	535,955	1,887,275	7,071,669	33,821,347	43,385,261
Effect of discounting (Net)	(32)	452	11,934	(76,059)	(298,108)	(438,182)	(799,995)
Effect of the risk adjustment margin for non-financial risk (Net)	14	165	15,062	55,367	255,578	1,318,665	1,644,851
Effect of directly attributable expenses (Net)	-	-	-	133,136	(26,539)	967,312	1,073,909
Transfer of premium receivable for expired risk (Net)	-	(100,542)	(558,585)	500,616	194,680	(13,523,893)	(13,487,724)
Reinsurance payable	681	(33,647)	(3,177,422)	2,936,871	11,369,976	(1,147,218)	9,949,241
Net LIC for the contracts originated	**3,059**	**(66,953)**	**(3,173,056)**	**5,437,206**	**18,567,256**	**20,998,031**	**41,765,543**

17. Insurance contract liabilities and reinsurance contracts assets - continued

17.3 Reconciliation of the liability for remaining coverage and the liability for incurred claims

		2024				
		Liabilities for remaining coverage		Liabilities for incurred claims		
	Note	Excluding Loss Component	Loss Component	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Total
		€	€	€	€	€
Opening insurance contract liabilities		22,332	-	(71,569,298)	(4,476,221)	(76,023,187)
Changes in the statement of profit or loss and OCI						
Insurance revenue	6	672,840,981	-	-	-	672,840,981
Insurance service expenses	6					
Incurred claims and other directly attributable expenses		-	-	(4,958,418)	-	(4,958,418)
Amortisation of insurance acquisition cash flows		(31,796,943)	-	-	-	(31,796,943)
Changes that relate to past service – changes in the FCF relating to LIC		-	-	(628,346,757)	(905,892)	(629,252,649)
		(31,796,943)	-	(633,305,175)	(905,892)	(666,008,010)
Insurance service result						
Finance expenses from insurance contracts	7	(1,375,768)	-	(5,899,522)	-	(7,275,290)
Transfer of premium receivable for expired risk		(71,286,143)	-	71,286,143	-	-
		(72,661,911)	-	65,386,621	-	(7,275,290)
Total changes in the profit or loss and OCI		**568,382,127**	**-**	**(567,918,554)**	**(905,892)**	**(442,319)**
Cash flows						
Premium received		(600,180,788)	-	(71,054,283)	-	(671,235,071)
Claims and other insurance service expenses paid		-	-	636,314,112	-	636,314,112
Insurance acquisition cash flows		31,586,600	-	-	-	31,586,600
Total cash flows		**(568,594,188)**	**-**	**565,259,829**	**-**	**(3,334,359)**
Insurance receivable loss allowance						
Increase in insurance receivable loss allowance		-	-	1,391	-	1,391
Closing insurance contract liabilities (including receivable loss allowance)		**(189,729)**	**-**	**(74,226,632)**	**(5,382,113)**	**(79,798,474)**

17. Insurance contract liabilities and reinsurance contracts assets - continued

17.3 Reconciliation of the liability for remaining coverage and the liability for incurred claims - continued

		2023				
		Liabilities for remaining coverage		Liabilities for incurred claims		
	Note	Excluding Loss Component	Loss Component	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Total
		€	€	€	€	€
Opening insurance contract assets		9,909	-	(3,690)	-	6,219
Opening insurance contract liabilities		(30,871)	(25,422)	(56,428,731)	(3,706,113)	(60,191,137)
		(20,962)	(25,422)	(56,432,421)	(3,706,113)	(60,184,918)
Changes in the statement of profit or loss and OCI						
Insurance revenue	6	610,503,058	-	-	-	610,503,058
Insurance service expenses	6					
Incurred claims and other directly attributable expenses		-	-	(4,443,881)	-	(4,443,881)
Amortisation of insurance acquisition cash flows		(27,131,592)	-	-	-	(27,131,592)
Changes that relate to past service – changes in the FCF relating to LIC		-	-	(568,005,422)	(770,108)	(568,775,530)
Losses on onerous contracts and reversal of those losses		-	25,422	-	-	25,422
		(27,131,592)	25,422	(572,449,303)	(770,108)	(600,325,581)
Insurance service result						
Finance expenses from insurance contracts	7	(9,313,929)	-	(2,457,433)	-	(11,771,362)
Transfer of premium receivable for expired risk		(75,757,074)	-	75,757,074	-	-
		(85,071,003)	-	73,299,641	-	(11,771,362)
Total changes in the profit or loss and OCI		**498,300,463**	**25,422**	**(499,149,662)**	**(770,108)**	**(1,593,885)**
Cash flows						
Premium received		(524,614,076)	-	(75,231,153)	-	(599,845,229)
Claims and other insurance service expenses paid		-	-	559,243,907	-	559,243,907
Insurance acquisition cash flows		26,356,907	-	-	-	26,356,907
Total cash flows		(498,257,169)	-	484,012,754	-	(14,244,415)
Insurance receivable loss allowance						
Increase in insurance receivable loss allowance		-	-	31	-	31
Closing insurance contract liabilities (including receivable loss allowance)		**22,332**	**-**	**(71,569,298)**	**(4,476,221)**	**(76,023,187)**

17. Insurance contract liabilities and reinsurance contracts assets - continued

17.4 Reconciliation of the remaining coverage and incurred claims components for reinsurance contracts held

		2024				
		Assets for remaining coverage		Assets for incurred claims		
	Note	Excluding Loss Recovery Component	Loss Recovery Component	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Total
		€	€	€	€	€
Opening reinsurance contract assets		10,248	-	38,476,750	3,181,056	41,668,054
Changes in the statement of profit or loss and OCI						
Allocation of reinsurance premium paid	6	(531,593,878)	-	-	-	(531,593,878)
Amounts recoverable from reinsurers						
Changes that relate to past service – changes in the FCF relating to AIC	6	-	-	519,315,166	556,206	519,871,372
Net expenses from reinsurance contracts		(531,593,878)	-	519,315,166	556,206	(11,722,506)
Net finance income from reinsurance contracts	7	1,193,660	-	3,407,422	-	4,601,082
Transfer of reinsurer's share of premium receivable for expired risk		62,045,693	-	(62,045,693)	-	-
		63,239,353	-	(58,638,271)	-	4,601,082
Total changes in the profit or loss and OCI		**(468,354,525)**	-	**460,676,895**	**556,206**	**(7,121,424)**
Cash flows						
Premium paid		467,953,511	-	60,358,037	-	528,311,548
Amounts received		-	-	(525,405,742)	-	(525,405,742)
Total cash flows		**467,953,511**	-	**(465,047,705)**	-	**2,905,806**
Closing reinsurance contract assets		**(390,766)**	-	**34,105,940**	**3,737,262**	**37,452,436**

17. Insurance contract liabilities and reinsurance contracts assets - continued

17.4 Reconciliation of the remaining coverage and incurred claims components for reinsurance contracts held - continued

		2023				
		Assets for remaining coverage		Assets for incurred claims		
	Note	Excluding Loss Recovery Component	Loss Recovery Component	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Total
		€	€	€	€	€
Opening reinsurance contract assets		(142)	-	33,743,050	2,900,482	36,643,390
Changes in the statement of profit or loss and OCI						
Allocation of reinsurance premium paid	6	(489,398,860)	-	-	-	(489,398,860)
Amounts recoverable from reinsurers						
Changes that relate to past service – changes in the FCF relating to AIC	6	-	-	475,039,261	280,574	475,319,835
Net expenses from reinsurance contracts		(489,398,860)	-	475,039,261	280,574	(14,079,025)
Net finance income from reinsurance contracts	7	7,846,890	-	1,691,228	-	9,538,118
Transfer of reinsurer's share of premium receivable for expired risk		60,443,576	-	(60,443,576)	-	-
		68,290,466	-	(58,752,348)	-	9,538,118
Total changes in the profit or loss and OCI		(421,108,394)	-	416,286,913	280,574	(4,540,907)
Cash flows						
Premium paid		421,118,784	-	63,819,088	-	484,937,872
Amounts received		-	-	(475,372,301)	-	(475,372,301)
Total cash flows		421,118,784	-	(411,553,213)	-	9,565,571
Closing reinsurance contract assets		10,248	-	38,476,750	3,181,056	41,668,054

18. Other payables

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Payables arising out of direct insurance operations						
Payable to intermediaries	**-**	-	**1,009,774**	284,780	**1,009,774**	284,780
	-	-	**1,009,774**	284,780	**1,009,774**	284,780
Accruals and other payables						
Accruals and other payables	**414,158**	361,205	**3,457**	10,687	**417,615**	371,892
Payable to Core	**-**	-	**499,752**	423,198	**499,752**	423,198
	414,158	361,205	**503,209**	433,885	**917,367**	795,090
Payables to related parties						
Payable to immediate parent	**3,617**	1,424	**-**	456	**3,617**	1,880
Payable to intermediate parent	**304**	304	**-**	-	**304**	304
	3,921	1,728	**-**	456	**3,921**	2,184
	418,079	362,933	**1,512,983**	719,121	**1,931,062**	1,082,054

Other payables are considered to be all current in nature.

Amount payable to Core does not agree to the amount receivable by Core due to the technical expense allocation required under IFRS17.

The maturity analysis of other payables is disclosed in Note 5.3(e).

19. Subordinated loans

	Cell	
	2024	2023
	€	€
Subordinated loans – non-current portion	**10,000,000**	10,000,000

The subordinated loans balance comprises two loan agreements for amounts of €7m and €3m respectively. Both subordinated loans are owed to a related entity and are unsecured. Loans of €7m and €3m bear interest on the capital at a rate of 8% and 7.17%, respectively, set on the drawdown date. Interest is payable yearly on the last day of each calendar year. Interest payable at year-end is disclosed in Note 25.3.

The €7m loan is repayable after 10 years from the loan agreement date being 31st December 2019. During 2024 the €3m loan which had a repayable term of 5 years has been extended for a further 5 years so it becomes repayable after 10 years from the loan agreement date of 31st December 2019.

Further related disclosure is presented in Note 5.3(e) relates to liquidity risk and 5.4 on capital risk management.

20. Share capital

	2024 €	2023 €
Authorised share capital:		
44,000,000 Ordinary Shares of €1 each	**44,000,000**	44,000,000
6,000,000 Ordinary Cell "A – NLCare Cell" Shares of €1 each	**6,000,000**	6,000,000
	50,000,000	50,000,000
Core		
Issued and fully paid share capital:		
2,501,200 Ordinary Shares of €1 each	**2,501,200**	2,501,200
Cell		
Issued and fully paid up share capital:		
6,000,000 Ordinary Cell "A – NLCare Cell" Shares of €1 each	**6,000,000**	6,000,000
Total share capital	**8,501,200**	8,501,200

All ordinary Core shares rank *pari passu* for all intents and purposes of law and shall have the right to one vote per share. All ordinary Core shares shall have the right to receive dividends and to participate in the profits of the Core.

Cell shares are issued at par value or at a premium. Each class of Cell shares shall be constituted as a separate Cell for purposes of the PCC Regulations. Cell holders shall only have the right to one vote per share at the meetings of their class of Cell Shares. All Cell shares have the right to receive Cellular dividend and to participate in the profits of the respective Cell.

An additional capital injection has been made after the year end. Refer to Note 27.

21. Other reserves

This reserve records fair value changes on financial investments at FVOCI, representing unrealised gains or losses not available for distribution.

	Core		Cell		Total	
	2024 €	2023 €	**2024 €**	2023 €	**2024 €**	2023 €
Balance at 1 January	-	-	**(89,654)**	(303,077)	**(89,654)**	(303,077)
Fair value movements	-	-	**143,434**	224,656	**143,434**	224,656
Income tax relating to components of other comprehensive income (Note 3.10)	-	-	**(1,714)**	(11,233)	**(1,714)**	(11,233)
Net amount reclassified to profit or loss	-	-	**(4,822)**	-	**(4,822)**	-
Net amount reclassified to retained earnings	-	-	**(56,596)**	-	**(56,596)**	-
Balance at 31 December	-	-	**(9,352)**	(89,654)	**(9,352)**	(89,654)

22. Capital contribution

	Cell	
	2024 €	2023 €
Closing balance on 31 December	**12,752,664**	12,752,664

22. Capital contribution - continued

Capital contributions may from time to time be provided by Company's shareholders to the Company. This is not a loan, but an unconditional transfer of funds, classified as an un-distributable reserve.

The capital contribution in cash of €12,000,000 was made by the Company's immediate parent company (the "Contributor") on 26th December 2019. Another contribution in cash of €752,664 was made by the Contributor on 31st August 2021. All contributions together form part of the Company's capital and reserves as at 31 December 2024. Further information on capital risk management is disclosed in Note 5.4.

The potential distribution of the capital contribution to the Contributor is subject to prior consent of the Regulator and provided it is no longer used to cover the required own funds or margin of solvency.

23. Cash from operations

Reconciliation of profit / (loss) before tax to cash from / (used in) operations:

	Core		Cell		Total	
	2024	2023	**2024**	2023	**2024**	2023
	€	€	**€**	€	**€**	€
Profit / (loss) before tax	**49,725**	22,403	**(7,771,870)**	(7,949,034)	**(7,722,145)**	(7,926,631)
Adjustment for:						
Interest receivable	**(53,470)**	(22,621)	**(2,087,668)**	(939,460)	**(2,141,138)**	(962,081)
Interest payable	**8,316**	4,261	**775,100**	775,100	**783,416**	779,361
Realised losses from disposal of investments	**-**	-	**(35,806)**	32,081	**(35,806)**	32,081
Gain/losses on foreign exchange	**119**	-	**(7,635)**	23,198	**(7,516)**	23,198
Gain/loss on fixed asset disposal	**404**	-	**-**	-	**404**	-
Depreciation and amortisation	**356,996**	259,000	**-**	-	**356,996**	259,000
Impairment allowance	**3,744**	218	**212,117**	40,915	**215,861**	41,133
Movement in:						
Insurance and reinsurance contracts - net of allowance	**-**	-	**7,990,905**	10,813,604	**7,990,905**	10,813,604
Other receivables	**(76,083)**	(92,065)	**21,083,313**	(5,831,251)	**21,007,230**	(5,923,316)
Other payables	**55,147**	25,492	**793,861**	(942,656)	**849,008**	(917,164)
Cash generated from / (used in) operations	**344,898**	196,688	**20,952,317**	(3,977,503)	**21,297,215**	(3,780,815)

24. Leases – as a lessee - Core

The Company (Core) leases office space, motor vehicles and rental property. The lease terms for these leases run for various periods, up to a maximum remaining period of five years, until 2029.

24.1 Right-of-use assets

Information about leases for which the Company is a lessee is presented below:

	Rental property €	Offices €	Motor vehicles €	Total €
Year ended 31 December 2023				
Opening net book amount	-	85,638	21,360	106,998
Additions	150,447	3,301	138,427	292,175
Depreciation charge	(56,418)	(36,149)	(37,006)	(129,573)
Closing net book amount	**94,029**	**52,790**	**122,781**	**269,600**
As at 31 December 2023				
Cost	150,447	224,498	243,365	618,310
Accumulated depreciation	(56,418)	(171,708)	(120,584)	(348,710)
Net book amount	**94,029**	**52,790**	**122,781**	**269,600**
Year ended 31 December 2024				
Opening net book amount	94,029	52,790	122,781	269,600
Additions / (Reversals)	(150,447)	182,099	236,690	268,342
Depreciation charge	(31,460)	(42,842)	(62,310)	(136,612)
Depreciation reversal	87,878	-	-	87,878
Closing net book amount	**-**	**192,047**	**297,161**	**489,208**
As at 31 December 2024				
Cost	-	406,597	480,055	886,652
Accumulated depreciation	-	(214,550)	(182,894)	(397,444)
Net book amount	**-**	**192,047**	**297,161**	**489,208**

24.2 Lease liabilities

	2024 €	2023 €
Total discounted lease liabilities	**418,984**	224,181
Current	**113,867**	135,620
Non-current	**305,117**	88,561
	418,984	224,181

The maturity analysis of lease liabilities is disclosed in Note 5.3 (e).

	2024 €	2023 €
Amounts recognised in profit and loss		
- Interest on lease liabilities	**8,316**	4,261
Amounts recognised in the statement of cashflows		
- Total cash outflow for leases	**172,551**	**146,195**

24. Leases – as a lessee - Core - continued

24.3 Extension option

Some leases contain extension options exercisable by the Company up to two years before the end of the contract period. Where applicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable by the Company and not by the lessors. The Company assesses at the lease commencement whether it is reasonably certain to exercise the extension options and subsequently reassess whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control. There were no extension options exercised by the Company during the year 2024.

25. Related party transactions and balances

25.1 Parent and ultimate controlling party

The ultimate parent company of Eucare Insurance PCC Limited is HL Revelations B.V. and the ultimate controlling party of the group is Mr. H. Laeven.

Marev B.V. is the undertaking which draws up the consolidated financial statements of the largest body of undertakings of which the Company forms part as a subsidiary. Copies of the consolidated accounts of Marev B.V. will be available from the company's registered address at 8 Koningskaars Heerlen 6418 Netherlands.

The directors consider all companies forming part of HL Revelations B.V. Group to be related parties.

Since the ultimate shareholder is also indirectly a controlling shareholder of Aevitae B.V., the directors consider this intermediary to be a related party.

25.2 Transactions with key management personnel

Key management personnel compensation comprises the following:

	Cell	
	2024	2023
	€	€
Short-term employee benefits	**1,089,700**	1,125,443

Compensation of the Company's key management personnel includes wages, salaries and social security contributions, paid annual leave and paid sick leave, bonuses and non-monetary benefits (health insurance, car hire and accommodation).

During this year and the prior reporting period there were no other transactions and outstanding balances with key management personnel.

25. Related party transactions and balances - continued

25.3 Other related party transactions

Details of significant transactions and balances carried out during the year with related parties are as follows:

	Notes	Transaction values for the year ended		Balance outstanding as at	
		2024 €	2023 €	2024 €	2023 €
Related party intermediary:					
Premium income derived from third parties but underwritten through the related party intermediary		**334,504,292**	292,432,272	**-**	-
Gross claims paid to third parties but advanced by the related party intermediary		**(619,469,431)**	(543,598,446)	**-**	-
Acquisition and maintenance expenses payable to intermediary		**(27,591,093)**	(23,379,710)		
Net balance due by intermediary		**-**	-	**92,426**	21,150,581
Other related parties:					
Fee income charged by Core to the Cell and balance receivable from Cell	8	**4,104,792**	4,055,304	**1,182,899**	1,088,845
Fee income charged by sister company to Core and balance payable by Core		**23,600**	23,600	**-**	-
Interest expense on subordinated loans from related party	10,19	**775,100**	775,100	**-**	-
Receivables from immediate parent and sister company		**-**	-	**1,224,082**	807,815
Payables to intermediate and immediate parent and sister company	18	**-**	-	**(3,922)**	(2,184)
Subordinated loan from related party	19	**-**	-	**(10,000,000)**	(10,000,000)
Capital contribution from immediate parent	22	**-**	-	**(12,752,664)**	(12,752,664)

26. Dividend

No dividend was paid or declared during the year (2023: nil) to ordinary shareholders.

27. Events after the reporting date

As of January 1, 2025, the Company has not renewed its French income protection business due to overall poor performance and significant capital requirements. This decision aligns with the Company's strategic focus on optimising resource allocation and improving overall financial health.

Furthermore, at the request of the Board, the Shareholders have injected an additional €2,500,000 in capital on 8 April 2025 to further strengthen the SCR and financial position of the Company. This capital injection reflects the Shareholders' commitment to reinforcing the Company's financial resilience, ensuring its long-term sustainability, and instilling confidence in its ongoing operations. The Company has consistently met its SCR requirements and remains in full compliance, with this additional capital serving to further solidify its solvency and financial position.

28. Commitments

Eucare as a participant in the first layer of the Dutch Reinsurance Programme for terrorism claims has a maximum exposure of €644,271 for year 2024 (2023: €600,039).

29. Statutory Information

Eucare Insurance PCC Limited is a limited liability Company and is incorporated in Malta. The immediate parent Company is ECHC Limited, a Company with its registered address at 16, Europa Centre, John Lopez Street, Floriana, Malta. The individual financial statements of the Company are incorporated in the Consolidated Financial Statements of ECHC Limited. Copies of the consolidated accounts of ECHC Limited will be available from the Company's Floriana office.

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Independent Auditors' Report

To the Shareholders of Eucare Insurance PCC Limited

1 Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eucare Insurance PCC Limited (the "Company"), which comprise the statement of financial position as at 31 December 2024 the profit and loss account, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

(a) give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU; and

(b) have been properly prepared in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") and the Insurance Business Act, 1998 (Chapter 403, Laws of Malta) (the "Insurance Business Act").

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 *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* issued in terms of the Accountancy Profession Act (Chapter 281, Laws of Malta) ("APA"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditors' Report (continued)

To the Shareholders of Eucare Insurance PCC Limited

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 (selected from those communicated to the board of directors), and include a description of the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. 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.

We summarise below the key audit matters, together with our responses by way of the audit procedures we performed to address that matter in our audit, and key observations arising with respect to such risks of material misstatement.

Estimates of HIREF included in insurance revenue

Accounting policy 3.11.6 to the financial statements and notes 4 and 5.2.1 for further disclosures

'Contributions from the Dutch Health Insurance Risk Equalisation Fund ("HIREF") amounting to €300.2 million (2023: €277.5 million) included in insurance revenue.

The health insurance system in the Netherlands provides for anyone who lives or works in the Netherlands to have mandatory private health insurance cover. Insurers have a duty to accept each insurance application without any selection. Given the lack of selection in underwriting, the Company is also bound to receive HIREF. These contributions depend on the risk profile and the portfolio of the health insurance company. In combination with the nominal premium, these contributions are expected to equalise the claims level for all insurers. The estimate of HIREF involves the assessment of future settlements.

Following the calculation of the HIREF, the external administrator of the HIREF performs some additional ex-post corrections to distribute the available budget fairly over all health care insurers active in the Netherlands.

We have considered the estimate of the HIREF (excluding ex-post corrections) as a key audit matter in view of the subjectivity surrounding the assumptions around the determination of the HIREF estimate, the key one being that the health profile of the population at any point in time is assumed to be consistent with its historical health profile. This inherently introduces a degree of uncertainty given that the process for final determination of the HIREF is typically finalised over a period of four and a half years.

Due to the degree of estimation uncertainty underlying the estimation of the HIREF, the amounts recognised in the financial statements may result to be different from the actual amounts and these differences may be material.

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Independent Auditors' Report (continued)

To the Shareholders of Eucare Insurance PCC Limited

Key audit matters (continued)

Estimates of HIREF included in insurance revenue (continued)

Our response

As part of our audit procedures, we evaluated the appropriateness of the Company's HIREF estimate by performing procedures, which included, understanding those elements of the Dutch healthcare insurance industry relevant to our audit procedures and, by applying our knowledge and experience we:

- evaluated whether the assumptions applied in estimating the HIREF are appropriate by:

  i. comparing the prior year estimate to the updated correspondence provided by the administrator of the HIREF; and

  ii. evaluating the HIREF estimate, also by reference to claims historical data and correspondence exchanged with the HIREF administrator.

- assessed the Company's view on the estimation uncertainty surrounding the HIREF by evaluating the relevant available data supporting the estimate; and

- assessed the adequacy of the financial statements disclosures in relation to the estimation uncertainty relating to the HIREF.

Key observation

We have no key observations to report, specific to this matter.

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Independent Auditors' Report (continued)

To the Shareholders of Eucare Insurance PCC Limited

Key audit matters (continued)

Estimates for liabilities for incurred claims ("LIC")

Accounting policy 3.11 to the financial statements and notes 4, 5.2 and 17 for further disclosures

'LIC' amounting to €153.0 million (2023: €151.1 million) included in 'Insurance contract liabilities'

The LIC is measured as the total of the expected fulfilment cash flows relating to insurance events that occurred by the financial reporting date, which comprise estimates of future cash flows, adjusted to reflect the time value of money and a risk adjustment for non-financial risks. The Company also included in LIC an estimate for specific arrangements with hospitals.

We have considered the estimate of future cash flows, as a key audit matter in view of the subjectivity surrounding the determination of the estimate, that is based on claims data and different actuarial methodologies. The main assumption underlying the estimation of these future cash flows, is that past claims development experience can be used to project future claims.

Due to the degree of such inherent estimation uncertainty underlying the estimate of future cash flows of the LIC the amounts recognized in the statement of financial position may result to be materially different from those eventually settled.

Our response

As part of our audit procedures, we evaluated the appropriateness of the assumptions adopted by the Company used in estimating a substantial part of the future cash flows and of the resulting estimate, by performing substantive procedures, which included:

- together with our own actuarial specialist, for these future cash flows recorded, we applied our industry knowledge and experience to develop an independent estimate and compared this estimate to the amount recorded by the Company;
- tested the data elements underlying these estimated future cash flows by reference to the relevant claims historical data;
- assessed the Company's view on the estimation uncertainty surrounding these estimated future cash flows by evaluating the relevant available data supporting the estimate; and
- assessed the notes in the financial statements to evaluate the adequacy of the disclosures of the relevant considerations surrounding the estimation uncertainty involved in estimating these estimated future cash flows.

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Independent Auditors' Report (continued)

To the Shareholders of Eucare Insurance PCC Limited

Key audit matters (continued)

Estimates for liabilities for incurred claims ("LIC") (continued)

Key observation

We have no key observations to report, specific to this matter.

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 auditors' report thereon.

Our opinion on the financial statements does not cover the directors' report, on which we report separately below in our 'Report on Other Legal and Regulatory Requirements'.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that (a) give a true and fair view in accordance with IFRS as adopted by the EU, and (b) are properly prepared in accordance with the provisions of the Act and the Insurance Business Act, 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.

The directors are also responsible for overseeing the financial reporting process.

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Independent Auditors' Report (continued)

To the Shareholders of Eucare Insurance PCC Limited

Auditors' 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 auditors' 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.

- Consider the extent of compliance with those laws and regulations that directly affect the financial statements, as part of our procedures on the related financial statement items. For the remaining laws and regulations, we make enquiries of directors and other management, and inspect correspondence with the regulatory authority, as well as legal correspondence. As with fraud, there remains a higher risk of non-detection of other irregularities (whether or not these relate to an area of law directly related to the financial statements), as these may likewise involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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.

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Independent Auditors' Report (continued)

To the Shareholders of Eucare Insurance PCC Limited

Auditors' responsibilities for the audit of the financial statements (continued)

- 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 auditors' 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 auditors' 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 the directors 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 the audit committee 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.

From the matters communicated with the audit committee, 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 auditors' 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.

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Independent Auditors' Report (continued)

To the Shareholders of Eucare Insurance PCC Limited

2 Report on Other Legal and Regulatory Requirements

Opinion on the Directors' Report

The directors are responsible for preparing a directors' report in accordance with the provisions of article 177 of the Act.

We are required to consider whether the information given in the directors' report for the accounting period for which the financial statements are prepared is consistent with those financial statements; and, if we are of the opinion that it is not, we shall state that fact in our report. We have nothing to report in this regard.

Pursuant to article 179(3) of the Act, we are also required to:

- express an opinion on whether the directors' report has been prepared in accordance with the applicable legal requirements; and

- state whether, in the light of the knowledge and understanding of the entity and its environment obtained in the course of our audit of the financial statements, we have identified material misstatements in the directors' report, giving an indication of the nature of any such misstatements.

In such regards:

- in our opinion, the Directors' Report has been prepared in accordance with the applicable legal requirements; and

- we have not identified material misstatements in the Directors' Report.

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Independent Auditors' Report (continued)

To the Shareholders of Eucare Insurance PCC Limited

Matters on which we are required to report by the Act, specific to public-interest entities

Pursuant to article 179B(1) of the Act, we report as under matters not already reported upon in our 'Report on the Audit of the Financial Statements':

- we were appointed as auditors by the shareholders on 25 January 2021, and subsequently reappointed at the Company's general meeting for the financial year thereafter. The period of total uninterrupted engagements is five years;
- our opinion on our audit of the financial statements is consistent with the additional report, required to be issued by the Audit Regulation (as referred to in the Act), and provided to the board of directors; and
- we have not provided any of the prohibited services as set out in the APA.

Matters on which we are required to report by exception by the Act,

Pursuant to articles 179(10) and 179(11) of the Act, we have nothing to report to you with respect to the following matters:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit.

The Principal authorised to sign on behalf of KPMG on the audit resulting in this independent auditors' report is Thane Micallef.

KPMG
Registered Auditors

24th April 2025