

Ress Life Investments A/S
Half-Year Report
For the period 1 January 2023 - 30 June 2023
Nybrogade 12, DK-1203 Copenhagen K

Corporate Announcement no. 28/2023, 31 August 2023

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Statement by the Board of Directors and the Management

The Board of Directors and the Management have today considered and approved the Half-Year Report of the Ress Life Investments A/S Group for the period 1 January 2023 – 30 June 2023. The Half-Year report has not been subject to audit or review.

The Half-Year Report has been prepared in accordance with IAS 34 '*Interim Financial Reporting*' as adopted by EU. Furthermore, the Half-Year Report has been prepared in accordance with Danish disclosure requirements for interim reports of listed companies.

In our opinion, the consolidated interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 June 2023 and of the results of the Group's consolidated operations and cash flows for the period 1 January 2023 – 30 June 2023.

Further, in our opinion, the Directors' Report gives a fair review of the matters discussed in the Directors' report.

Copenhagen, 31 August 2023
Management:

Michael Hovard Ekmann

Board of Directors:

Søren Andersen
Chairman of the Board

Ketil Petersen

Jeppe Buskov

Anne Buchardt

Directors' report

Principal activities

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

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

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

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

All Group announcements are published through Nasdaq GlobeNewswire and can also be found on the Parent Company's website www.resslifeinvestments.com under the heading 'Fund Announcements'.

Development in the Group's activities and financial position

The fair value of the investment in life insurance contracts decreased from USD 341,992 thousand at 31 December 2022 to USD 336,361 thousand at 30 June 2023. The internal rate of return (IRR) has increased following the increasing interest rates and has affected the fair value measurement in the first half of 2023. The fair value of the investments is estimated by the Alternative Investment Fund Manager (Resscapital AB in Sweden) based primarily on life expectancy and insurance premium outlooks and among other factors. The change in fair value of these life insurance contracts is specified in note 5.

During the period, there have been 5 capital increases by a total of 7,193 new ordinary shares of EUR 500 nominal value per share and with a total share premium of USD 13,401 thousand from shares issued during the period. The Group holds 14,831 treasury shares at 30 June 2023.

As of 30 June 2023 the Group had USD 38,543 thousand of current assets compared to 50,153 thousand as of 30 June 2022. The reason of decreased current assets was mainly due to maturity of US treasury bills, the proceeds of which were used to redeem shareholders. The investments in US Treasury bills held by the Group are for cash management purposes.

The Group's operating costs decreased to 4,339 thousand for the period until 30 June 2023, compared to 7,424 thousand for the 6-month period to 30 June 2022. Operating costs decreased mainly due to lower accrued performance fees during the period.

Directors' report (continued)

Result for the period

During the period, the net asset value of the Group has decreased from USD 2,399 per share at 31 December 2022 to USD 2,394 per share at 30 June 2023. The decrease in the net asset value per share is not in accordance with Management's expectations as expressed in the 2022 Annual Report, as the average maturities of life policies were below expected amounts.

The Half-Year Report shows a loss in comprehensive income amounting USD 781 thousand for the period 1 January 2023 – 30 June 2023 compared with an income of USD 25,031 thousand for the period 1 January 2022 – 30 June 2022. The result is impacted by policies paying out. Even though the result is below expectation, the Management considers the result of the period to be satisfactory given the uncertainty in the time and number of policies maturing.

Development in the portfolio

As of 30 June 2023, all life settlement assets were owned directly by the Group. The Group owned 517 policies issued by over 60 different US life insurance companies. The total face value of the policies exceeds USD 1,341 million.

During the 6 months period the fund experienced 6 policies paying out with a total 6.9 MUSD in face amount. The actual number of maturities is below expected maturities, but within the 95% confidence interval and the average size of maturing policies has also been below average policy size. The returns for life settlements are stochastic and there is no way of predicting when or which policies that will mature.

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

Outlook

The assets of the Group have decreased from USD 392.1 million to USD 374.9 million during the period. The outlook for further growth is more challenging than previous years but the Fund Manager is still positive and has communicated to the Company that it expects to continue increasing the assets.

The value per share in the Group decreased with 0.21% during the period. However, the value per share in the Company is expected to continue to increase as insured individuals are getting older and policy pay-outs increase.

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

Forward-looking statements

Expectations towards the future, including with regards to future levels of profit as discussed in this report are inherently associated with risks and uncertainties, and may be affected by macroeconomic circumstances outside of Management's control. Consequently, realized results may deviate significantly from reported outlooks and expectations expressed in this report or elsewhere. Refer also to the risk described in note 5.

Directors' report (continued)

Unusual circumstances

There have been no unusual circumstances that have materially affected the Half-Year Report.

Tax risks

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

Events after the balance sheet date

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

Performance attribution

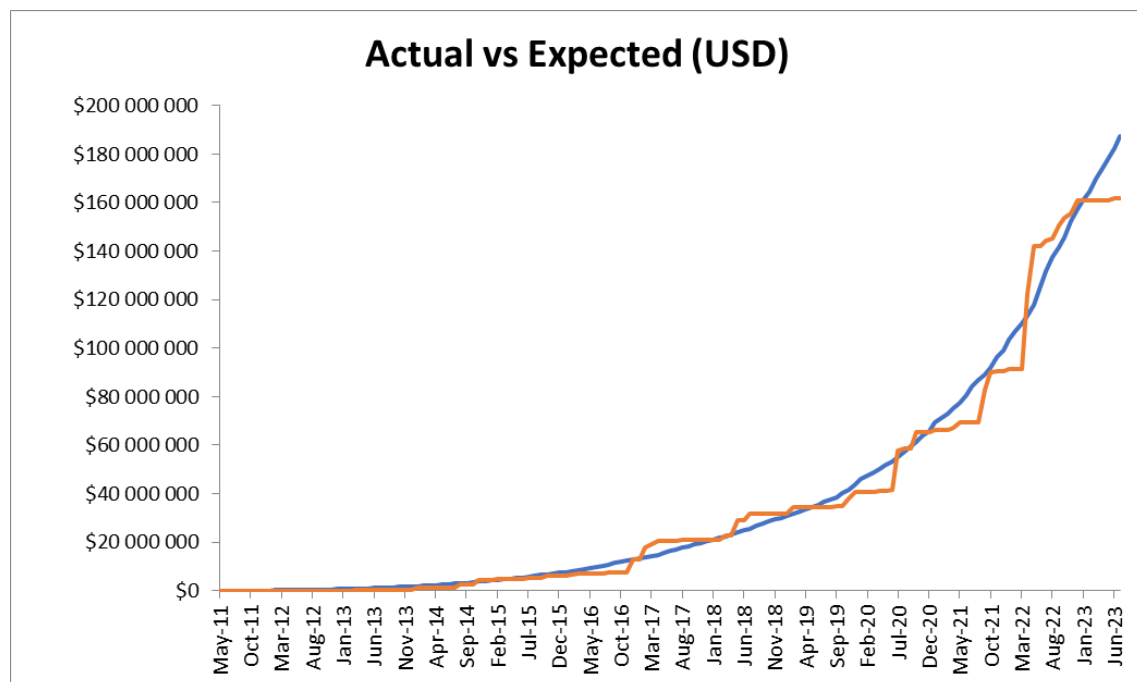
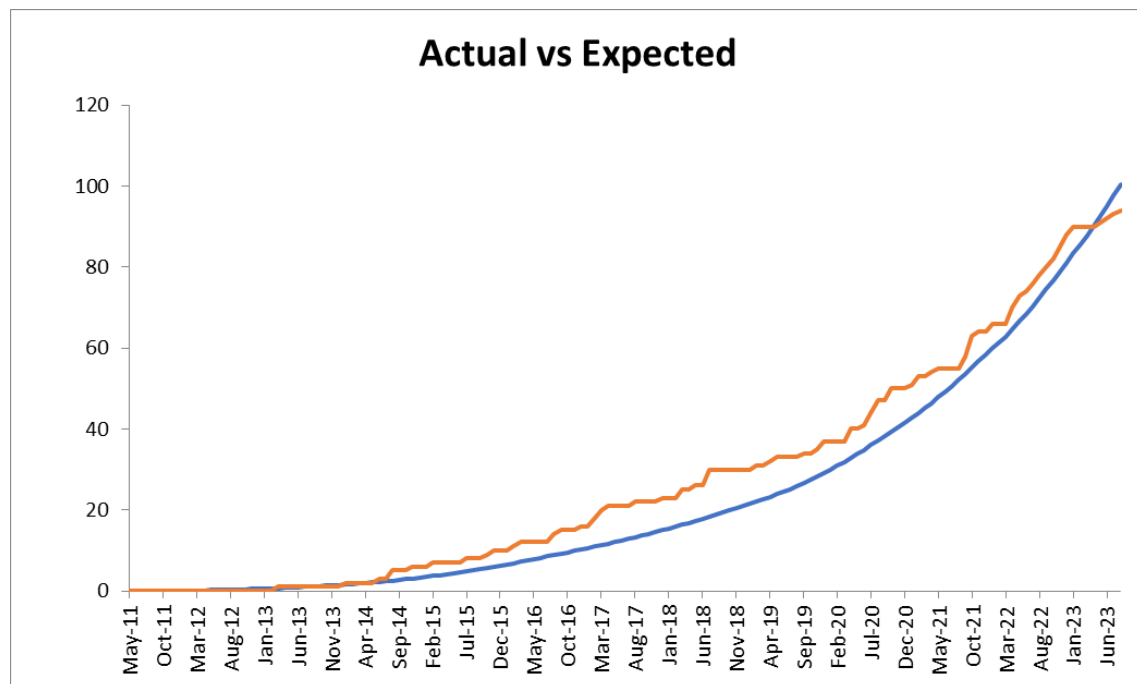
The table below shows the estimated performance attribution for the first half of 2023. The breakdown below is an illustration of contributions.

| Performance 2023-06-30 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 YTD |
|---|---------------|---------------|---------------|--------------|---------------|---------------|
| Realised (Maturities & sold policies) | 9.17% | 5.92% | 11.53% | 7.36% | 12.81% | 0.61% |
| Aging effect | 1.15% | 2.72% | 2.08% | 2.36% | 2.08% | 0.82% |
| Mtm-adjustment (Change in discount rates) | 3.03% | 3.74% | -1.30% | 0.11% | -2.13% | -0.35% |
| Valuation policy change | 1.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Life Expectancy Updates | -0.47% | 0.31% | -0.07% | 0.00% | -0.02% | 0.00% |
| Premium prepayments | -0.37% | -0.14% | -0.15% | -0.16% | -0.15% | -0.08% |
| Premium optimization | 0.28% | -0.40% | -0.21% | -0.60% | -0.02% | -0.04% |
| COI increases | -0.30% | -0.60% | 0.00% | 0.00% | 0.00% | 0.00% |
| Gross portfolio performance | 13.50% | 11.55% | 11.89% | 9.06% | 12.57% | 0.96% |
| Investment factor effect | -0.85% | -1.03% | -1.54% | -0.84% | -1.10% | -0.27% |
| Net portfolio performance | 12.65% | 10.52% | 10.35% | 8.22% | 11.47% | 0.69% |
| Fund Costs | -2.74% | -2.53% | -3.14% | -2.92% | -2.98% | -0.90% |
| Net Fund Performance | 9.91% | 7.99% | 7.21% | 5.30% | 8.49% | -0.21% |

Directors' report (continued)

Realized maturities – actual to expected

Actual to expected figures were in line with expectations. The below graphs show the actual number of maturities/proceeds from maturities (both red) versus estimated expectation (blue). The portfolio has experienced more than 162 MUSD worth of maturities since inception.



Directors' report (continued)

Uncertainties regarding the measurement and determination of financial data

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

Status on corporate governance recommendations

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

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

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

Board of Directors

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

Chairman Mr Søren Andersen (born 1967) was elected for the board of directors on 27 August 2019 and obtained chairmanship at the Annual General meeting on 30 January 2020. Mr Andersen is the Group CEO at Nordic I&P ApS (Norli-group mother company). Mr Andersen currently holds the position as chairman of the Board of Directors of AndWas III ApS, and is a board member of FPension A/S. Mr. Andersen do not hold any shares in the Company.

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

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

Board Member Mrs Anne Buchardt (born 1969) was elected for the Board of Directors on 30 January 2020. Mrs Buchardt is a managing director of Bølgebrus Holding ApS and the chairman of the Board of Directors of Danske Invest Management A/S. Mrs Buchardt do not hold any shares in the Company.

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

Directors' report (continued)

Management

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

Risks

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

Capital structure

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

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

Credit management

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

Corporate Social Responsibility

The business of the Company is limited to investments in US life settlement contracts and has no employees except for the Executive Management, comprising of the CEO. Based on a materiality and risk assessment, the company have assessed that it does not have any material risks in relation to human rights, social and labour conditions, climate and environment and anti-corruption. As such, the Company does not have a corporate social responsibility policy, including one for human rights, social and labour conditions, climate and environment and anti-corruption.

Target figures and policies for the underrepresented gender

The Board currently has 1 woman and 3 men and has therefore achieved what is considered equal representation of genders at the Board of Directors.

Management aside, the company has no employees, thus also no underrepresented gender.

Consolidated interim financial statements for the period 1 January – 30 June

Consolidated income statement and statement of comprehensive income

| Note | USD | 1 January 2023 – 30 June 2023 | 1 January 2022 – 30 June 2022 |
|------|--|----------------------------------|----------------------------------|
| | Staff costs | -43,661 | -40,786 |
| 3 | Other operating costs | -4,339,378 | -7,424,315 |
| | Operating loss | -4,383,039 | -7,465,101 |
| 4 | Financial income | 3,630,258 | 32,552,721 |
| | Financial expenses | -28,152 | -56,361 |
| | Profit (loss) before tax | -780,933 | 25,031,260 |
| | Tax on profit for the period | 0 | 0 |
| | Profit (loss) for the period | -780,933 | 25,031,260 |
| | Other comprehensive income | 0 | 0 |
| | Comprehensive income | -780,933 | 25,031,260 |
| | | | |
| | Earnings per share, USD | | |
| | Weighted average no. of shares outstanding | 165,725 | 133,560 |
| | Earnings per share (basic and diluted) | -4.71 | 187.47 |

Consolidated interim financial statements for the period 1 January – 30 June

Consolidated statement of financial position

| Note | USD | 30 June 2023 | 31 December 2022 |
|------|-------------------------------------|--------------------|--------------------|
| | ASSETS | | |
| | Non-current assets | | |
| | Financial assets | | |
| 5 | Other investments | 336,368,372 | 341,991,516 |
| | | 336,368,372 | 341,991,516 |
| | Total non-current assets | 336,368,372 | 341,991,516 |
| | Current assets | | |
| | Receivables | | |
| | Prepayments | 79,135 | 74,794 |
| | | 79,135 | 74,794 |
| 5 | Other investments | 28,784,851 | 32,623,714 |
| | | 28,784,851 | 32,623,714 |
| | Cash and cash equivalents | 9,679,068 | 36,495,747 |
| | Total current assets | 38,543,054 | 50,153,479 |
| | TOTAL ASSETS | 374,911,426 | 392,144,995 |
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| | Contributed capital | 99,460,162 | 95,612,994 |
| | Retained earnings | 271,658,781 | 291,884,607 |
| | Total equity | 371,118,943 | 387,497,601 |
| | Current liabilities | | |
| | Other payables | 3,792,484 | 4,647,394 |
| | Total liabilities | 3,792,484 | 4,647,394 |
| | TOTAL EQUITY AND LIABILITIES | 374,911,426 | 392,144,995 |

1 Accounting policies

2 Critical accounting judgements, estimates, assumptions and uncertainties

6 Transactions with related parties

Consolidated interim financial statements for the period 1 January – 30 June

Consolidated statement of changes in equity

| USD | Contributed capital | Retained earnings | Total |
|-------------------------------------|--------------------------------|------------------------------|--------------------|
| Equity at 1 January 2022 | 84,901,206 | 224,664,398 | 309,565,604 |
| Comprehensive income for the period | 0 | 25,038,878 | 25,038,878 |
| Capital increase | 10,826,723 | 31,746,225 | 42,572,948 |
| Transactions with shareholders | 0 | 111,699 | 111,699 |
| Equity at 30 June 2022 | 95,727,929 | 281,561,200 | 377,289,129 |
| Equity at 1 January 2023 | 95,612,994 | 291,884,607 | 387,497,601 |
| Comprehensive income for the period | 0 | -780,933 | -780,933 |
| Capital increase | 3,847,168 | 13,401,315 | 17,248,483 |
| Transactions with shareholders | 0 | -32,846,208 | -32,846,208 |
| Equity at 30 June 2023 | 99,460,162 | 271,658,781 | 371,118,943 |

During the period, the Group issued a net quantity of 7,193 (1 Jan – 30 Jun 2022: 19,238) new ordinary shares of EUR 500 nominal value per share and with a total share premium of USD 13,401 (1 Jan – 30 Jun 2022: 31,746) thousand from shares issued during the period. The Group holds 14,831 (1 Jan – 30 Jun 2022: 1,137) treasury shares at 30 June 2023.

Consolidated interim financial statements for the period 1 January – 30 June

Consolidated statement of cash flows

| Note | USD | 1 January 2023 – 30 June 2023 | 1 January 2022 – 30 June 2022 |
|------|---|----------------------------------|----------------------------------|
| | Profit before tax | -780,933 | 25,031,260 |
| | Change in current liabilities | -854,910 | 2,249,105 |
| | Change in receivables | -31,182 | 279,216 |
| | Unrealised financial income | -2,597,552 | -32,397,092 |
| | Cash flows from operating activities | -4,259,793 | -4,837,512 |
| | Additions of financial assets | -100,903,715 | -89,607,594 |
| | Premium payments | -17,671,849 | -14,180,017 |
| | Sales and maturities | 130,635,123 | 59,498,836 |
| | Cash flows from investing activities | 12,059,559 | -44,288,775 |
| | Capital increase | 17,248,483 | 42,572,948 |
| | Redemption of shareholders | -33,872,085 | -156,025 |
| | Resale of shares | 1,025,877 | 267,742 |
| | Cash flows from financing activities | -15,597,725 | -42,684,647 |
| | Net cash flows from operating, investing, and financing activities | -7,802,743 | -6,441,640 |
| | Cash and cash equivalents at 1 January | 17,481,812 | 42,937,387 |
| | Cash and cash equivalents at 30 June | 9,679,068 | 36,495,747 |

Consolidated interim financial statements for the period 1 January – 30 June

Notes to the consolidated financial statements

1 Accounting policies

The Half-Year report of Ress Life Investments A/S, the Group, for the period 1 January 2023 – 30 June 2023 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by EU and Danish disclosure requirements for interim reports for listed companies.

The accounting policies used in the preparation of the financial statements are consistent with those presented in the annual report 2022.

As described in the annual report 2022, the Management elected to change the financial year to follow the calendar year. As a result, the comparative figures presented in this Half-Year report cover a different period as compared with the Half-Year report 2022. The comparative figures for the consolidated statement of financial position are the of the immediately preceding financial year and the comparative figures for the consolidated statements of income statement, changes in equity and cash flows are the current interim period of the immediately preceding financial year.

2 Critical accounting judgements, estimates, assumptions and uncertainties

The financial statements include accounting estimates which are prepared on the basis of certain assumptions as set down by Management. These estimates are made by Management in accordance with accounting policies and on the basis of historical experience and assumptions that Management considers reasonable and realistic.

The areas that involve a higher degree of judgement or subjectivity, or areas where assumptions and estimates are significant to the financial statements, are listed below:

- Measurement of fair value of investments in life insurance policies.

3 Other operating costs

| USD | 1 January 2023 – 30 June 2023 | 1 January 2022 – 30 June 2022 |
|--|----------------------------------|----------------------------------|
| Accounting and audit | 193,033 | 159,562 |
| Company and share related costs including insurances | 164,440 | 91,220 |
| Company legal fees | 236,910 | 41,330 |
| Policy legal fees | 181,566 | 213,593 |
| Policy Management and custody | 514,767 | 404,603 |
| Depository fees | 149,515 | 134,448 |
| Management fees | 2,899,147 | 2,568,557 |
| Performance fees | 0 | 3,811,002 |
| | 4,339,378 | 7,424,315 |

Consolidated interim financial statements for the period 1 January – 30 June

Notes to the consolidated financial statements (continued)

4 Financial income

| USD | 1 January 2023 – 30 June 2023 | 1 January 2022 – 30 June 2022 |
|---|--|--|
| Exchange rate adjustments | 13,233 | 54,182 |
| Fair value adjustments of other investments | 2,883,153 | 32,469,199 |
| Interest received | 733,872 | 29,341 |
| | 3,630,258 | 32,552,721 |

5 Financial risks and financial instruments

Other investments

| USD | 30 June 2023 | 31 December 2022 |
|--|---------------------|-------------------------|
| Treasury bills | 28,784,851 | 32,623,714 |
| Investment in other investment companies | 7,038 | 8,126 |
| Life insurance policies | 336,361,334 | 341,983,390 |
| | 365,153,223 | 374,615,230 |

Foreign exchange risks

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

Interest rate risks

Due to its investing and financing activities the Group is to a limited extent exposed to interest rate risks related to fluctuations in interest levels in the USA, the Eurozone and Denmark.

The interest rate has an effect related to the internal rate of return and discount rate, which affects the fair value measurement of the Group's investments in life policies.

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

Consolidated interim financial statements for the period 1 January – 30 June

Notes to the consolidated financial statements (continued)

5 Financial risks and financial instruments (continued)

Fair value measurement

The life insurance contracts are valued using the 'Fair value' concept in connection with certain disclosure requirements and for recognition of financial instruments. Investments in life insurance contracts are measured at level 3.

'Fair value' is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. The valuation approach used in relation to the life insurance contracts is based on discounted probability weighted cash flows.

The valuation approach incorporates all the factors that market participants would consider in pricing a transaction, such as cash flows (premiums and death benefits), discount rates and life expectancies (mortality assumptions).

The probabilities are based on applying the life expectancy ("LE") to a mortality table such that the mortality factor (the ultimate factor) applicable to the given insured can be derived from the table itself. The approach to the mortality distribution is based on the use of the 2015 Valuation Basic Table created by the Society of Actuaries from North America.

The LE is one of the most important variables in pricing policies in the life settlement market and the valuation of life insurance contracts is heavily dependent on LE information. Upon purchase of the assets, LE reports are obtained from at least two underwriters. LE reports are medical opinion from specialised medical underwriters, based on the latest medical records or other relevant information. The Alternative Investment Fund Manager is using a conservative approach, selecting the most conservative LE report in most cases.

The fair value of life insurance contracts is sensitive to the choice of discount rates. Discount rates are determined at the level of sub-groups of the life insurance portfolio. The sub-groups are based on the face value of policies and the credit rating of insurance carriers. The discount rates of each sub-group result from the Internal Rate of Return ("IRR") for each policy in the sub-group, at purchase. A parameterisation of the discount rates for each sub-group is based on an exponential moving average considering changes in IRRs when new acquisitions are made within the respective sub-group. Under this methodology, the discount rate in each sub-group is recalibrated whenever a policy that falls into the sub-group is acquired. The average IRR of the sub-groups used for the fair value measurements as of 30 June 2023 was 10.83 %.

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

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

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

Consolidated interim financial statements for the period 1 January – 30 June

Notes to the consolidated financial statements (continued)

5 Financial risks and financial instruments (continued)

Fair value measurement (continued)

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

Investments in other investment companies are investments that are valued based on NAV statements received from Saffery Champness Fund Services Limited. The fair value is recognised as 20% of the NAV.

The following table analyses within the fair value hierarchy the Group’s financial assets are measured at fair value at 30 June 2023. All fair value measurements disclosed are recurring fair value measurements.

| USD | Level 1 | Level 2 | Level 3 |
|--|-------------------|----------------|--------------------|
| Financial Assets | | | |
| Treasury bills | 28,784,851 | 0 | 0 |
| Investment in other investment companies | 0 | 7,038 | 0 |
| Life insurance policies | 0 | 0 | 336,361,334 |
| Total | 28,784,851 | 7,038 | 336,361,334 |

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

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

The fair value of receivables, prepayments, cash, payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments. The Group’s own credit risk has not been considered as this is assessed to be immaterial.

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

| USD | 1 January 2023 – 30 June 2023 | 1 January 2022 – 30 June 2022 |
|------------------------|--|--|
| Opening balance | 341,983,390 | 254,681,747 |
| Additions | 9,864,002 | 34,133,526 |
| Premium payments | 17,671,849 | 24,566,571 |
| Sales and maturities | -35,756,547 | -14,142,582 |
| Fair value adjustment | 2,598,640 | 32,397,255 |
| Closing balance | 336,361,334 | 331,636,517 |

Consolidated interim financial statements for the period 1 January – 30 June

Notes to the consolidated financial statements (continued)

5 Financial risks and financial instruments (continued)

Credit and counterparty risks

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

The life settlement investments are made with over 60 different life insurance companies, and the face values are distributed on AM Best Ratings as below:

| Carrier rating | 30 June 2023 | | | 31 December 2022 | | |
|----------------|--------------|--------------------|--------------|------------------|--------------------|--------------|
| | Policies | Fair value | % of NAV | Policies | Fair value | % of NAV |
| A++ | 39 | 39,801,643 | 10.7% | 43 | 41,702,813 | 10.8% |
| A+ | 227 | 129,745,253 | 35.0% | 236 | 135,080,379 | 34.9% |
| A | 215 | 143,721,876 | 38.7% | 215 | 141,836,285 | 36.6% |
| A- | 7 | 5,569,799 | 1.5% | 8 | 5,677,975 | 1.5% |
| B++ | 15 | 12,587,426 | 3.4% | 15 | 12,501,016 | 3.2% |
| B- | 6 | 3,599,491 | 1.0% | 6 | 3,479,503 | 0.9% |
| C++ | 8 | 1,335,847 | 0.4% | 9 | 1,705,419 | 0.4% |
| Total | 517 | 336,361,334 | 90.7% | 532 | 341,983,390 | 88.3% |

Concentration risk

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

| Gender: | 30 June 2023 | | | 31 December 2022 | | |
|---------|--------------|-------------|----------|------------------|-------------|----------|
| | Policies | Face value | % Weight | Policies | Face value | % Weight |
| Female | 100 | 185,063,319 | 13.8% | 104 | 218,213,319 | 15.2% |
| Male | 362 | 824,819,010 | 61.5% | 373 | 889,892,851 | 61.8% |
| Joint | 55 | 331,155,733 | 24.7% | 55 | 331,045,773 | 23.0% |

Consolidated interim financial statements for the period 1 January – 30 June

Notes to the consolidated financial statements (continued)

5 Financial risks and financial instruments (continued)

Concentration risk (continued)

| | 30 June 2023 | | | 31 December 2022 | | |
|------------------|---------------------|-------------------|-----------------|-------------------------|-------------------|-----------------|
| <i>Age group</i> | Policies | Face value | % Weight | Policies | Face value | % Weight |
| <65 | 40 | 125,540,157 | 9.4% | 42 | 128,206,157 | 8.9% |
| 65-69 | 59 | 144,459,296 | 10.8% | 63 | 170,987,696 | 11.9% |
| 70-74 | 96 | 275,651,870 | 20.6% | 95 | 303,027,128 | 21.1% |
| 75-79 | 96 | 243,145,859 | 18.1% | 113 | 273,528,996 | 19.0% |
| 80-84 | 93 | 213,237,749 | 15.9% | 83 | 215,947,124 | 15.0% |
| 85-89 | 67 | 152,670,977 | 11.4% | 72 | 183,781,977 | 12.8% |
| 90-94 | 50 | 158,344,980 | 11.8% | 48 | 136,385,651 | 9.5% |
| 95< | 16 | 27,987,175 | 2.1% | 16 | 27,287,175 | 1.9% |

Life Expectancy estimate

| | Policies | Face value | % Weight | Policies | Face value | % Weight |
|-------|-----------------|-------------------|-----------------|-----------------|-------------------|-----------------|
| < 2 | 16 | 23,617,933 | 1.8% | 13 | 15,417,933 | 1.1% |
| 2-3 | 45 | 71,289,851 | 5.3% | 46 | 72,269,851 | 5.0% |
| 4-5 | 85 | 200,407,988 | 14.9% | 78 | 185,672,418 | 12.9% |
| 6-7 | 67 | 154,713,739 | 11.5% | 73 | 152,349,309 | 10.6% |
| 8-9 | 74 | 192,941,837 | 14.4% | 67 | 192,988,000 | 13.4% |
| 10-11 | 44 | 118,548,400 | 8.8% | 54 | 155,923,837 | 10.8% |
| 12-15 | 85 | 176,896,147 | 13.2% | 92 | 230,618,388 | 16.0% |
| 16- | 101 | 402,622,167 | 30.0% | 109 | 433,912,167 | 30.2% |

Spreads of face value for the individual contracts

| | Policies | Face value | %Weight | Policies | Face value | % Weight |
|-----------------------|-----------------|-------------------|----------------|-----------------|-------------------|-----------------|
| 100,000-250,000 | 37 | 7,450,000 | 0.6% | 31 | 6,230,000 | 0.4% |
| 250,001-500,000 | 68 | 30,346,638 | 2.3% | 71 | 31,696,638 | 2.2% |
| 500,001-1,000,000 | 148 | 136,545,730 | 10.2% | 143 | 131,211,730 | 9.1% |
| 1,000,001-2,000,000 | 96 | 172,581,285 | 12.9% | 100 | 177,781,285 | 12.4% |
| 2,000,001-3,000,000 | 50 | 135,144,377 | 10.1% | 53 | 143,244,198 | 10.0% |
| 3,000,001-5,000,000 | 59 | 267,093,330 | 19.9% | 69 | 314,183,330 | 21.8% |
| 5,000,001-10,000,000 | 47 | 386,451,760 | 28.8% | 53 | 429,379,780 | 29.8% |
| 10,000,001-15,000,000 | 5 | 62,144,785 | 4.6% | 5 | 62,144,785 | 4.3% |
| 15,000,001- | 7 | 143,280,157 | 10.7% | 7 | 143,280,157 | 10.0% |

Consolidated interim financial statements for the period 1 January – 30 June

Notes to the consolidated financial statements (continued)

5 Financial risks and financial instruments (continued)

Sensitivity analysis

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

A sensitivity analysis is made based on the following scenarios:

- Discount rate sensitivity
- Mortality sensitivity

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

Discount rate sensitivity

The discount rate sensitivity analysis has been performed around weighted (by face value) average discount rate across the portfolio.

| USD | 30 June 2023 | | | |
|------------------------|---------------------|-------|-------|-------|
| Discount rate | 10% | 12% | 14% | 16% |
| Value of portfolio | 358m | 310m | 271m | 241m |
| % of total face amount | 26.5% | 22.9% | 20.1% | 17.8% |

| USD | 31 December 2022 | | | |
|------------------------|-------------------------|-------|-------|-------|
| Discount rate | 10% | 12% | 14% | 16% |
| Value of portfolio | 360m | 309m | 269m | 236m |
| % of total face amount | 24.8% | 21.3% | 18.5% | 16.3% |

Mortality sensitivity

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

| USD | 30 Jun 2023 | 31 Dec 2022 |
|-------------------------|--------------------|--------------------|
| Impact of face value | 5,361,517 | 5,565,806 |
| Percentage of increment | 0.40% | 0.38% |

Consolidated interim financial statements for the period 1 January – 30 June

Notes to the consolidated financial statements (continued)

6 Related parties

Related parties for the Group:

| Name of related party | Nature of transactions |
|------------------------------|-------------------------------|
| Resscapital AB | AIF Management fees |
| Board of Directors | Board remuneration |
| Executive Board | Remuneration |

Transactions with related parties comprise:

| | 1 January 2023 - 30 June 2023 |
|--------------------|--|
| Resscapital AB | 2,915,003 |
| Board of Directors | 74,753 |
| Executive Board | 13,268 |
| | 3,003,024 |

Outstanding balances are as of 30 June 2023.

| | 30 June 2023 |
|--------------------|---------------------|
| Resscapital AB | 466,103 |
| Board of Directors | 29,545 |
| Executive Board | 0 |
| | 495,648 |