

# NUCLEUS LIFE AG

## FINANCIAL STATEMENTS 2023

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## 1. Financial Statements 2023 - Annual Report

Nucleus Life AG has completed in 2023 a long and complex project of reorganization and updating to be compliant to the state of art EIOPA rules in Life Insurance, to better serve and protect its customers.

Already in 2023, new resources have been hired, who will now have to contribute to enforce the Company's organizational structure and procedures, to adapt them to the regulations in force and to allow the achievement of strategic objectives.

Thanks to this project, the Board of Directors and the Management assumed that the decision taken in March 2022 from the Company to voluntarily freeze any further development of its business activities was no more necessary and on March 1<sup>st</sup> 2024 revoked its voluntary suspension of business and start to build the new product catalogue for the new distribution network, after having completed the drafting of the POG Product Oversight Guidelines, finally approved by FMA on March 28<sup>th</sup>. The POG rules required by the EIOPA legislation, constitute the backbone of the insurance business and the liability to the final customers.

The company has adopted a specific positioning strategy in the European insurance market aiming to offer high value-added services in the niche of VHNWI: a boutique of excellence with "bespoke" services.

2023 was therefore a year of transition dedicated to investments for organizational adjustment and the correct adoption of POG rules, capital strengthening and careful cost containment. The management has decided to identify and cut any type of non-structural management cost to the characteristic management activity, optimize outsourcers and focus particularly on the recovery of product margins. Continuous monitoring techniques have been adopted through the adoption of efficiency parameters shared at all levels of the management team.

This decision clearly influenced the performance of the 2023 operation, which nevertheless ended with a positive technical operating result of CHF 523.978 and a net profit of CHF 596,897 compared to the loss of CHF 1,137,204 in 2022.

This result is thanks to of a series of one-off operations that are better illustrated below.

In particular, about operation, during 2023 there was an increase in claims for surrenders by the policyholders due to the prolonged suspension of the new business and this is reflected in the decrease in investments related to the management of active policies and therefore also technical provisions.

Moreover, an important rationalization of the portfolio was also launched to increase the profitability margin in the short term in addition to minimize other management and compliance risks for the company. In particular, the disposal of 3 policies signed with foreign customers in the beginning of 2020 for a total reserve value of Swiss Francs 212,855,879 that, in addition to representing a concentration of risks not adequate to the capital capacity of the Company, had fiscal connotations deemed not suitable to

the internal rules. This resulted in total assets falling to CHF 129,118,301 from CHF 256,718,867 in 2022. Out of this transaction Nucleus recorded a one-off revenue of almost CHF 1,000,000 due to ordinary surrender fees, as described below.

Particular attention was also paid to the reorganization and rationalization of the Financial Statements that suffer for the management of own and policyholders' investments mainly in euro exposing the company to currency risks due to the statutory currency in Swiss Francs. This has led to an increase in operating results because of exchange rate fluctuations which, although not durable and totally virtual, must be absorbed by law in the Income Statement. For these reasons the Board of Directors has already decided on the transition of the Financial Statements in euro that will be proposed for approval at the Shareholders' Meeting and implemented in 2024.

In this regard, it should be noted that the final result of the Financial Statements also benefits from the fact that the Photonike Capital SA Special Issue Nucleus-II 1.50% Note 2030 no.0004-2020-MIC-R2030-20 2030 bonds, delivered in the Tier 1 capital component, were valued at the historical acquisition and exchange cost of 2021 of CHF 10,497,160 (issue historical Euro 10,000,000), being any exchange rate fluctuations guaranteed by a currency risk coverage agreement between the Issuer and Nucleus Life.

This operation made it possible to reverse the write-down of the Notes for the exchange rate erroneously entered in the 2021 and 2022 Financial Statements for CHF 622,660, because not considering the effects of a letter of currency risk coverage released by the issuer in July 2021. This letter has been enforced and extended with an Agreement signed on April 4<sup>th</sup>, 2024.

This implies a more accurate and real representation of the balance sheet of Nucleus Life AG and the operating results of the management.

The amount of the write-up has been accounted in the FS item "Unrealized gain on investments" in the current year.

The management has launched a multi-year investment plan for the enhancement of the IT infrastructure, the product catalogue, and the distribution network, which will take place from 2024 and for which it has accumulated the necessary economic reserves.

The adoption of the POG will involve the adjustment of the other existing contracts.

Investments for the account and risk of life policyholders amounted to CHF 114,936,454, down from 243,262,818 in 2022 due to the redemption and, above all, the settlement of the 3 high-risk policies already mentioned above.

Last but not least, there is a total of own funds available for CHF 3,638,681 that contribute to the Operational Fund of which 2,910,085 CHF cash on current accounts, compared to CHF 3,503,357 of which CHF 3,041,182 was available at 31.12.2022.

The company's equity increases to CHF 12,642,184 from CHF 12,045,287 in 2022. The actuarial technical reserves at 31.12.2023 decreased to CHF 111,685,365, or 97.17% of the assets in the portfolio, compared to CHF 242,679,937, or 99.76% of the portfolio in 2022, with a recovery of actuarial efficiency due to better asset risk management as evidenced by the performance of the SCR to MCR indices:

2023 SCR=258,1% MCR=270,3%

2022 SCR=191.5% MCR=304.2%

Other liabilities include the sum of CHF 3,251,089 in debt for almost all due to redemption of Q4 2023 policies whose payment was not completed on 31.12.2023.

The surveys concerning Risk Management and the Actuarial and Solvency parameters were processed by two new enabled and certified professionals for the role that took over from the previous appointed Valucor. The FMA Supervisory Authority was informed of this modification and has been filed a regular request for approval in Q1 2023 still during the evaluation phase. Both are still not approved by the FMA as of now.

The Income Statement for the year 2023 has benefited from a careful management of expenses and a correct allocation of consultancy costs necessary for internal reorganization. No less important were the extraordinary costs needed to manage legal disputes, in particular the risk related to the dispute with the CARICIV Foundation which however has reported a positive result in the first degree of judgment with complete acquittal of Nucleus Life and the order instead of the Foundation to reimburse the Company CHF 424,405 at the end of the completion of the appeal phase in 2024. Although the effects of the first sentence and the clarifications requested by the Court of Appeal are positively comfortable for a definitive solution of the dispute in favour of the Nucleus Life, it remains a general uncertainty, also related to other open legal case in Italy (Urani) with favorable prospect, that recommended to reserve a further 300,000 CHF for future legal fees.

In addition to the ongoing fees for the ordinary management of the outstanding portfolio and the one-off fees collected for the settlement of the 3 high-risk policies of almost CHF 1,000,000 we report the issuance of 6 policies for a total premium of CHF 20,591,209 all relating to commitments made in Q4 of 2021 (before the suspension of March 2022) which were regularized in 2023.

In conclusion, with reference to acquisitions and ongoing fees, we would like to point out that, unlike the previous year, the Income Statement considered both those relating to all quarters of 2023 and the one relating to Q4 2022 which was booked an extraordinary income of CHF 154,430. The Revenue for the Q4 2023 was recorded as an accrued income of CHF 166,770.

The commitment for 2024 is related to the completion of the planned investments and the realization of the new product catalogue with which to resume the activity of

collecting premiums according to the Business Plan 2024-2027 established for the re-launch of the Company.

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Dear Shareholders, in thanking you for the trust you have given us, we propose to approve the Financial Statements for the year 2023 that we have submitted to you and that present a net profit of CHF 596.897,35. The profit is carried forward to cover losses accrued in previous years.

Vaduz, 9 April 2024

The Board of Directors  
*The Chairman*



## **1. Board of Directors**

Fausto Maria Ventriglia

Ekaterina Shashkovskaya-Virkus

Markus Graf (until 28 June 2023)

Moritz Blasy (since 28 June 2023)

## **2. Management Board**

Bruno Geissmann CEO (until 28 April 2023)

Fausto Maria Ventriglia CEO (since 28 April 2023)

Ermanno Grassi COO (since 1 May 2023)

## **3. Auditor**

Grant Thornton AG, Schaan

## 5. FINANCIAL STATEMENT 2023

### 5.1 BALANCE SHEET

<b>ASSETS</b>		<b>31/12/2023</b>	<b>31/12/2022</b>
		<b>CHF</b>	<b>CHF</b>
<b>A Intangible assets</b>			
IV. Other intangible assets	6.3.1.	1.556	2.593
		<u>1.556</u>	<u>2.593</u>
<b>B Investments</b>			
1. Equities, other fixed-income securities and units in investment funds	6.3.2.	30.897	48.832
2. Debt securities and other fixed-income securities	6.3.3.	10.497.160	9.874.500
3. Deposits with banks	6.3.4.	206.983	367.958
		<u>10.735.040</u>	<u>10.291.290</u>
<b>C Investments for the account and risk of holders of life assurance policies</b>	6.3.5.	<u>114.936.454</u>	<u>243.262.818</u>
<b>D Other receivables</b>			
I. Accounts receivable other			
1. against other debtors		13.552	22.649
		<u>13.552</u>	<u>22.649</u>
<b>E Other assets</b>			
I. Fixed assets	6.3.6.	2.059	4.118
II. Current balances at banks, postal cheque balances		2.701.043	2.669.106
		<u>2.703.102</u>	<u>2.673.224</u>
<b>F Deferred items</b>			
I. Accrued interest and rents		528.380	411.005
II. Deferred claims not yet due from the insurance contract rel	6.3.7.	195.602	46.930
III. Other deferred income		4.615	8.357
		<u>728.596</u>	<u>466.293</u>
<b>Total ACTIVES</b>		<u>129.118.301</u>	<u>256.718.867</u>



## EQUITY AND LIABILITIES

### A Equity

I Paid-in Capital			
1. Subscribed capital	6.3.8.	12.827.000	12.827.000
II Organization funds		3.400.000	3.400.000
III Capital reserve		4.963.910	4.963.910
IV Retained earnings			
1. Legal reserve		80.000	80.000
V Loss carry forward		-9.225.623	-8.088.419
VI Annual Profit/Loss		596.897	-1.137.204
		<u>12.642.184</u>	<u>12.045.287</u>

### B Subordinated liabilities

	<u>913.430</u>	<u>1.087.279</u>
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### C Technical provisions

I Actuarial reserves			
1. Gross amount		18.941	25.629
2. of wich: share of reinsurers		-13.109	-18.180
		<u>5.831</u>	<u>7.450</u>

### D Technical provisions for life insurance contracts for wich the investment risk is borne by policyholders

6.3.9.	<u>111.685.365</u>	<u>242.679.937</u>
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### E Other provisions

II Tax provisions		23.186	1.800
III Other provisions	6.3.10.	300.000	50.000
		<u>323.186</u>	<u>51.800</u>

### F Other liabilities

I Liabilities from direct insurance business			
1. to other creditors	6.3.11.	3.255.753	586.155
II Liabilities to banks		-	15
III Other liabilities			
1. tax liabilities		97.780	25.709
2. Social security liabilities		12.067	15.767
3. Other liabilities to other creditors		110.929	29.058
		<u>3.476.529</u>	<u>656.703</u>

### G Deffered items

	<u>71.775</u>	<u>190.412</u>
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### Total EQUITY AND LIABILITIES

	<u>129.118.301</u>	<u>256.718.867</u>
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## 5.2. Actuarial report on technical provisions.

### Actuarial confirmation of Nucleus Life AG at 31.12.2023

Pursuant to Article 41 paragraph 2 b) first part VersAG as actuary responsible pursuant to art. 41 para. 1 VersAG, I confirm that the actuarial reserves, the unearned premiums and the claims reserves have been calculated in accordance with the provisions in force in this regard and with basic actuarial principles:

1. Unearned premiums of CHF 0
2. Actuarial reserves of CHF 0
3. Provisions for unsettled insurance claims (incl. incurred but not reported claim [IBNR]) of CHF 0
4. Reserve for life insurance contracts where the investment risk is borne by the insurance policyholders of CHF 111'685'365
5. equalization reserve of CHF 5'831

No active reinsurance business was done.

Vaduz, 9 April 2024

Markus Brugger (since 01.04.2023)  
(Not yet FMA approved Appointed Actuary)



### 5.3 INCOME STATEMENT

		31/12/2023	31/12/2022
	Notes	CHF	CHF
<b>I</b>	<b>Technical account for life insurance</b>		
<b>1</b>	<b>earned premiums for own account</b>		
a)	Gross written premiums	6.4.1. 20.591.209	7.812.220
b)	Ceded reinsurance premiums	6.4.2. <u>-50.376</u>	<u>-71.176</u>
		<b>20.540.832</b>	<b>7.741.044</b>
<b>2</b>	<b>Income from investments</b>	<u>129.008</u>	<u>255.879</u>
<b>3</b>	<b>Unrealized gain on investments</b>	6.4.3. <u>14.929.750</u>	<u>691.184</u>
<b>4</b>	<b>Other underwriting income from own account</b>		
a)	Insurance and administration fees	213.531	52.225
		<u>213.531</u>	<u>52.225</u>
<b>5</b>	<b>Expenses for insured claims for own account</b>		
a)	Payments for insurance claims		
aa)	Gross amount	-144.030.505	-6.403.381
		<u>-144.030.505</u>	<u>-6.403.381</u>
<b>6</b>	<b>Changes in other technical provisions</b>		
a)	Change in the premium provisions		
aa)	Gross amount	-9.535	-24.565
bb)	Share of reinsurers	-5.071	-77
b)	Changes in other technical provisions	130.994.572	31.798.192
		<u>130.979.966</u>	<u>31.773.550</u>
<b>7</b>	<b>Expenses for on own account insurance operations</b>		
a)	Acquisition expenses	-864.911	-654.144
b)	Administrative expenses	-1.964.395	-1.410.621
		<u>-2.829.306</u>	<u>-2.064.766</u>
<b>8</b>	<b>Investment expenses</b>		
a)	Interest expenses	-149.150	-99.334
b)	depreciation and amortization of investments	-17.936	-349.691
c)	Realized losses on disposal of investments	-	-62.879
		<u>-167.086</u>	<u>-511.904</u>
<b>9</b>	<b>Unrealized investment losses</b>	<u>-19.242.214</u>	<u>-32.446.214</u>
<b>10</b>	<b>Result of the technical account for life insurance</b>	<u>523.978</u>	<u>-912.383</u>
<b>II</b>	<b>Non technical account</b>		
	Result of the technical account for life insurance	523.978	-912.383
<b>1</b>	Other income from ordinary activities	240.683	152.401
<b>2</b>	Other expenses arising from ordinary activities	-255.421	-328.678
<b>3</b>	<b>Profit from ordinary activities</b>	<u>509.240</u>	<u>-1.088.661</u>
<b>4</b>	Extraordinary income	6.4.5. 154.430	-
<b>5</b>	Extraordinary expenses	6.4.6. -34.653	-
<b>6</b>	<b>Extraordinary result</b>	<u>119.777</u>	-
<b>7</b>	Taxes on income	-23.186	-1.800
<b>8</b>	Other taxes	-8.935	-46.744
<b>9</b>	<b>Annual Profit/Loss</b>	<u>596.897</u>	<u>-1.137.204</u>

## 6. NOTES TO THE 2023 ANNUAL REPORT

### 6.1. Generals

The company was founded on 25 November 2004 and was authorized by the Liechtenstein Financial Market Authority (FMA) on 25 January 2005 to manage life insurance policies in Classes I and III.

Nucleus Holding II Scps, 19 Rue Eugene Ruppert L-2453 Luxembourg holds 98.83% of the Company, while 1.17% is held by IRC Finance AG, Reinacherstrasse 129, 4053 Basel (Switzerland).

### 6.2. Accounting policies

#### 6.2.1. Generals

The annual accounts are based on the principles of the "Liechtenstein Law of Persons and Companies" (PGR) and the Act on the Supervision of Insurance Undertakings (Insurance Supervision Act; VersAG) and the order issued for this purpose (Ordinance on the supervision of insurers; Versav) in the versions currently in force. The annual Financial Statements of Nucleus Life AG have been drawn up on the basis of business continuity values.

#### 6.2.2. Date of Financial Statements reference

Insurance companies in the Principality of Liechtenstein are required by law to draw up their financial statements by 31 December.

#### 6.2.3. Conversion of foreign currency

Balances, receivables, pro-rata interests, liabilities, securities and technical provisions, etc., denominated in foreign currency, shall be converted at the Financial Statements date using the exchange rates determined by the tax administration. Any currency differences are recognized in the profit (loss) for the period. The following exchange rates were used in the year under review:

EUR	USD	CAD	SEK	GBP	NOK	Balance sheet share price
1,03615	0,911141	0,721301	0,100636	1,2083	0,103324	2021-12
0,998745	0,925228	0,68286	0,088797	1,112933	0,093922	2022-12
0,9297	0,841624	0,638267	0,083512	1,072875	0,082872	2023-12

It should be noted that the Photonike Capital SA Special Issue Nucleus-II 1.50% Note 2030 no.0004-2020-MIC-R2030-20 titles with 2030 maturity, conferred in the capital component Tier 1, have been valued at the historical acquisition and exchange rate cost of 2021 as any exchange rate fluctuations between CHF

and EUR are guaranteed by currency risk coverage agreement between the Issuer and Nucleus Life. (see v. § 6.3.3).

#### 6.2.4. Intangible assets

Intangible fixed assets are recognized at cost, net of amortization decreasing according to their estimated residual maturity. The duration is between one and five years. Low value fixed assets are fully depreciated in the year of acquisition.

#### 6.2.5 Investments

Own investments are valued at the lower of cost or market. Any measurement adjustments shall be reported under "Impairment income" or under "Amortization of investments".

#### 6.2.6 Investments for policyholders at risk

Investments for the account and risk of policyholders are valued at fair value at the Financial Statements date. In the case of quoted investments, the market value shall be applied to the Financial Statements date or, if the date is not a stock exchange date, to the market value of the last open exchange day before that day.

Unquoted investments are valued at the value of the custodian bank. If such valuation is not available, the net asset value or other documents and information shall be used for the valuation. If no balance sheet is available, an asset is valued at zero. Any valuation adjustments shall be reported under "Unrealized gains or losses on investments".

### 6.3. NOTES ON THE BALANCE SHEET

#### ASSETS

#### 6.3.1 Other intangible assets

Licenses and software in use are recorded at cost net of annual amortization and considering their degree of use.

Investment balance as of 31.12.2023	01.01.2023	In /Out	Amortization	31.12.2023
<b>Intangible assets</b>				
Licenses and Software	2'593	0	1'037	1'556
<b>Total</b>	<b>2'593</b>	<b>0</b>	<b>1'037</b>	<b>1'556</b>

#### 6.3.2 Shares, other non-interest-bearing securities and investment fund shares

This item includes excess shares in mutual funds relating to investments for the account and risk of policyholders. These are measured at acquisition cost or

present market value if lower. The current value at 31.12.2023 is CHF 30,897.

### 6.3.3 Debt securities and other fixed-income securities

Generally, bonds and other fixed-income securities are valued at cost or, in the event of impairment, at their fair value. The corresponding valuation correction is shown under "Investment charges".

The Photonike Capital SA Special Issue Nucleus-II 1.50% Note 2030 no.0004-2020-MIC-R2030-20 2030 bonds, delivered in the Tier 1 capital component, were valued at the historical acquisition and exchange cost of 2021 of CHF 10,497,160, being any exchange rate fluctuations guaranteed by a currency risk coverage agreement between the Issuer and Nucleus Life.

The accounting methodology applied in 2021 and 2022 did not considered that risk coverage and erroneously accounted in the fiscal years losses due to exchange rate fluctuations; this corresponds to a recovery of the right accounting methodology compared to previous years and the reversal of the write-down in the FS item "Unrealized gain on investments" in the technical accounts of the current year.

It must be pointed out that this recovery substantially affects the Results of the Technical Accounts of Life Insurance of the year for CHF 523.978,13, and the final Profit of the Company.

### 6.3.4 Bank deposits and current accounts with banks

At 31 December 2023, deposits with banks for investment purposes amounted to CHF 206,983, while ordinary current accounts amounted to CHF 2,701,043.

### 6.3.5. Investments on behalf and risk of policyholders

These investments are linked to unit-linked insurance where policyholders decide the form of investment and asset management. At the Financial Statements date, the fair value of investments for policyholders' account and risk amounted to CHF 111,685,365 (previous year: CHF 242,679,937). To this must be added CHF 3'112'575 (previous year: CHF 554'363) relating to contracts fully redeemed at the end of the year but whose capital at the end of the year had not yet been paid, as well as CHF 138.514 (previous year: CHF 28'518) relating to additional premiums paid by active policyholders to custodian banks but not invested by virtue of the temporary commercial suspension voluntarily decided by the Company on 17 March 2022.

### 6.3.6. Property, plant and equipment.

Investment balance as of 31.12.2023	01.01.2023	In /Out	Amortization	31.12.2023
<b>Fixed assets</b>				
Licenses and Software	4'118	0	2'059	2'059
<b>Total</b>	<b>4'118</b>	<b>0</b>	<b>2'059</b>	<b>2'059</b>

#### 6.3.7. Deferred credit not yet due under Insurance coverage.

These are the fees due for the capital management activity related to ongoing insurance contracts carried out in the last quarter of the year. The net value of this item in Q4 2023 was CHF 195,602 and was included in the 2023 Annual Report.

In this matter, the accounting method was adjusted in the financial year. In this regard, please refer to the comments on extraordinary income in section 6.4.4.

### **EQUITY AND LIABILITIES**

#### 6.3.8. Capital

The company was founded on 25 November 2004 with a share capital of CHF 5,000,000 divided into 5,000 registered shares of CHF 1,000 each.

In September 2021 and July 2022, capital increases were made through contributions in kind by issuing a total of 6,847 new shares with a nominal value of CHF 1,000 each, with an increase in paid-up capital to CHF 12,827,000 and capital reserves to CHF 4,963,910.

At the Financial Statements date, 12,827 registered shares were issued with a nominal value of CHF 1,000 each. The share capital shall be fully paid up.

#### 6.3.9. Technical provisions for life insurance contracts to the extent that the investment risk is borne by policyholders

Technical provisions relating to contracts in which the investment risk is borne by policyholders correspond to the value of the active contracts as at 31 December 2023. The value consists of the capital invested minus the cost charges. The difference between the investments per account and the risk of the insured person amounts to CHF 3,255,753 (cf. § 6.3.11.) and is indicated under F.I.1.

#### 6.3.10. Other provisions

Although the effects of the first sentence and the clarifications requested by the Court of Appeal are positively comfortable for a definitive solution of the dispute in favor of the Nucleus Life, it remains a general uncertainty, also related to other open legal case in Italy (Urani) with favorable prospect, that recommended to reserve a further 300,000 CHF for future legal fees.

The provision of CHF 300,000 will cover these expected costs of lawsuits (cf. § 6.5.6).

### 6.3.11. Other liabilities

Other liabilities from active insurance to other creditors amount to CHF 3,255,753.

## 6.4. NOTES TO THE INCOME STATEMENT

### 6.4.1. Gross written premiums in

#### Breakdown by country of premiums received in 2023

Country	Booked	Booked
	Gross premium 2023	Gross premium 2022
Sweden	20.071.255	
United Arab Emirates	519.954	
Germany		3.148.665
Italy		4.663.554
<b>Total</b>	<b>20.591.209</b>	<b>7.812.219</b>

#### Allocation of premiums

	Booked	Booked
	Gross premium 2023	Gross premium 2022
Gross written premiums - Single premiums	20.591.209	7.091.029
Gross written premiums - additional premiums		721.190
Gross written premiums - Regular premiums		
<b>Total</b>	<b>20.591.209</b>	<b>7.812.219</b>

In 2023, six policies were finalized for two European customers, the result of a consultancy and distribution activity started at the end of 2021 but not completed due to impediments by customers. The policies were regularized in 2023 when these impediments were resolved by the transfer of the premium to the custodian bank. On the other hand, other additional premiums paid to the Company after 17 March 2022 for a total of CHF 138,514 are still frozen on the custodian bank by virtue of the voluntary suspension and recorded in the item Debts for extraordinary insurance activities.



#### 6.4.2. Reinsurance fees

In 2023 premiums were paid to the reinsurer for CHF 50,376.

#### 6.4.3. Unrealized gain on investments

As explained in the point 6.3.3., the Photonike Capital SA Special Issue Nucleus-II 1.50% Note 2030 no.0004-2020-MIC-R2030-20 2030 bonds, delivered in the Tier 1 capital component, were valued at the historical acquisition and exchange cost of 2021 of CHF 10,497,160 (issue historical euro 10,000,000), being any exchange rate fluctuations guaranteed by a currency risk coverage agreement between the Issuer and Nucleus Life.

This operation made it possible to reverse the write-down of the Notes for the exchange rate erroneously entered in the 2021 and 2022 Financial Statements for CHF 622,660.

#### 6.4.4. Expenses on own account insurance operations

The expenses for the exercise of insurance on own account are as follows:

##### a) Underwriting costs

Acquisition fees include insurance intermediaries' fees of CHF 864,911 (previous year: CHF 654,144).

##### b) Administrative expenses

	<b>2023</b>	<b>2022</b>
<b>Total</b>	<b>1.964.395</b>	<b>1.410.621</b>
Salaries expenses	346.047	367.495
Social security	44.074	45.017
Office and commercial expenses	43.021	42.733
ICT effort	105.025	84.946
Consulting services	1.277.533	727.548
Company levies and fees, membership fees	130.900	110.481
Othe rexpenses	17.794	32.401

The costs for consulting services have increased compared to the previous year due to the exceptional use of law firms, for two areas of activity: reorganization of the corporate structure aimed at the reopening of distribution and assistance in some complex legal cases. However, the dispute with the CARICIV Foundation has reported a positive result in the first degree of judgment with complete acquittal of Nucleus Life and the order instead of the Foundation to reimburse the Company CHF 424,405 at the end of the completion of the appeal phase in 2024. Although the effects of the first sentence and the clarifications requested by the Court of Appeal are positively comfortable for a definitive solution of the dispute in favor of the Nucleus Life, it remains a general uncertainty, also related

to other open legal case in Italy (Urani) with favorable prospect, that recommended to reserve a further 300,000 CHF for future legal fees.

#### 6.4.5 Extraordinary income

Regarding the revenue recognition from ongoing fees, there was a change in the accounting method for the year 2023. The CHF 154,430 entered in the income statement refer to the ongoing fees collected by the Company in 2023, but relating to the active policy capital management, activity carried out in the last quarter of 2022. This item is included in this item of the Financial Statements as in 2023 the Company's commissions accrued in all four quarters of the same year were regularly booked.

Because of this change from revenue accounting to accrual accounting method, the income statement 2023 shows income from current fees for 5 quarters.

#### 6.4.6 Extraordinary expenses

The extraordinary expenses of CHF 34'653 are related to the advice of a professional who in July and August 2023 performed a risk assessment of the Company and the advice of a lawyer in favour of the Parent Company Nucleus Holding II as part of the wider reorganization of the corporate structure.

### 6.5. Other details

#### 6.5.1. Organization

An average of 1.80 employees (3.10 previous year) were employed in the year under review. At 31 December 2023, there were 3 employees (full-time equivalent 1.8). These figures do not include advisors or external consultants, currently 3 senior managers full time equivalent.

#### 6.5.2. Remuneration of the Board of Directors and Governance Bodies

In the year under review, the members of the Board of Directors received a total salary of CHF 109,147 (previous year: CHF 44,087). The right to choose pursuant to Article 1092 n. 9 lit. d PGR was exercised in relation to the remuneration of the Management.

#### 6.5.3. Transactions with Related Parties

There is a perpetual subordinated loan with Nucleus Management Sàrl for an amount of CHF 913,430 (EUR 1,000,000) with an interest rate of 3.5%. In the year 2023 interest expense amounted to CHF 34,499.

The Photonike Capital SA Special Issue Nucleus-II 1.50% Note 2030 no.0004-2020-MIC-R2030-20 are bonds issued by parent company NHAI ScSp in kind as part of capital increases. The purchase value of these bonds is CHF

10'497'160 (EUR 10'000'000). In the year under review the underlying interest rate was 1.5%, CHF 117,374.

In the reference year 2023, IRC Finance AG received 345,817 Swiss Francs in commissions for brokerage activities. The relationship with IRC Finance AG was terminated by the will of the counterparty, continuing only the ordinary management of the existing portfolio.

#### 6.5.4. Shareholding

98.83% of the shares in Nucleus Life AG are held by Nucleus Holding II ScSp, Luxembourg, and 1.17% by IRC Finance AG, Basel.

#### 6.5.5. Auditors fees

For the financial year 2023, the expenses for the services rendered by the Independent Auditors also for the External Auditor activity were as follows:

- Audit of the financial statements	CHF 39,300
- Other audit and confirmation services*	CHF 42,700
- Tax consultancy services	CHF 0,00
- Other services	CHF 0,00

(\* fees for statutory and regulatory audit mandates (supervisory audit, audit in accordance with art. 367 PGR)

#### 6.5.6. Contingent liabilities

As mentioned above, the risk of a potential liability, mainly related to the legal dispute with the CARICIV Foundation has been greatly mitigated by the Liechtenstein Court. Although the effects of the first sentence and the clarifications requested by the Court of Appeal are positively comfortable for a definitive solution of the dispute in favour of the Nucleus Life, it remains a general uncertainty, also related to other open legal case in Italy (Urani) with favorable prospect, that recommended to reserve a further 300,000 CHF for future legal fees.

#### 6.5.7. Business continuity and events after the balance sheet date

In March 2022, Nucleus Life AG voluntary decided to freeze any further development of its business activities until the compliance to EIOPA POG rules will be completed. The Board of Directors and the Management assumed that this measure was not more necessary and on March 1<sup>st</sup> 2024 revoked its voluntary suspension of business, development building the new product catalogue for the new distribution network. The March 28<sup>th</sup> the FMA has approved the POG Guidelines, a fundamental act in order to now be able to update the Company's product catalogue and reopen the distribution process as soon as formal application of product sets will be registered to FMA.

The Board of Directors therefore considers the continuation of Nucleus Life AG to be possible for the foreseeable future.

The liquidity situation of Nucleus Life AG has improved because the positive cash coming from 2023 activity and this money can be used for further business development. Liquidity for the current year and for twelve months after the balance sheet date is sufficient.