

2022 Annual Report

wefox Insurance AG

wefox

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1. Management Report

wefox Insurance AG has delivered another successful year in 2022, having achieved several key milestones on its path to becoming a mature and highly profitable insurer:

- Gross Written Premiums more than quadrupled in 2022 vs. 2021 (+330%).
- wefox Insurance AG entered the Italian insurance market with Motor propositions.
- wefox Insurance AG launched a number of new products in Germany extending its overall product offering to distribution partners and adding new sources of profitability (e.g. e-Bike embedded insurance).
- Our Short-Term Absence product in Switzerland has grown substantially and became a major source of premium growth for wefox Insurance AG.
- The loss ratio for wefox Insurance AG for the financial year 2022 was gross 94% (2021: 115%) and net 87% (2021: 139%) respectively. The price adjustments for motor insurance in Germany from 2021 and the premium adjustment for short-term absence insurance during 2022 significantly improved the loss ratio.

In parallel, wefox Insurance AG has continued to invest in improving capabilities and processes to significantly enhance the business. Throughout 2022, wefox Insurance reviewed its underwriting and distribution strategy and systematically assessed its claims capabilities. For 2023, we expect to see a material improvement in new business profitability as a result of these actions, which is a prerequisite to continue our successful growth trajectory and to accelerate towards break-even.

wefox Insurance AG is a subsidiary of wefox Group and benefits directly from the overall growth of wefox Group. In 2022, wefox Group grew its gross revenues by 89% to EUR 587 million. In 2022, wefox Group also managed to cross the EUR 1 billion mark in terms of Gross Platform Value (total annual insurance premium volume transacted by wefox). The Group more than doubled its monthly active distribution partners and reached new heights with a record number of policies sold to more than 1 million cumulatively over the course of the year – bringing the total number of active customers to above 2m. Moreover, wefox Group closed a USD 400 million Series D financing round in 2022 at a valuation of US\$4.5 billion. wefox Group's continued growth will fuel wefox Insurance AG's expansion in 2023.

In 2022, wefox Insurance AG recorded gross written premiums of EUR 196 million, an increase of 330% vs. 2021. The strong growth is the result of the successful delivery of several initiatives, incl.

wefox Insurance AG entered the Italian Motor insurance market via several distribution channels (incl. Website, Brokers, Aggregators and Affinity).

Short-Term Absence premiums have increased substantially in 2022 in Switzerland to above EUR 100 million. wefox Insurance AG launched the Short-Term Absence group daily sickness insurance at the end of 2021 in cooperation with our broker distribution partners.

wefox Poland has delivered strong growth and delivered EUR 15 million in Gross Written Premiums.

In Germany, wefox Insurance AG launched several profitable products (e.g. e-Bike) in 2022. At the same time, the 2021 price increases in certain Motor portfolios resulted in lower Motor premium

volumes in 2022 and re-focused growth on non-Motor products. Overall, Germany saw a decline in premium income of 22% vs. 2021 to EUR 33 million, which is a result of the focus on profitability.

The steep increase of premium volume, the addition of new markets and products as well as further investments in infrastructure and capabilities led to a growth in overall expenses. wefox Insurance recorded operating expenses of EUR 29 million in 2022, an increase of 44% vs. 2021. Commission expenses grew by 61% to EUR 11m, personnel expenses by 93% to EUR 5 million and expenses for shared services by 36% to EUR 11 million. The increase in personnel expenses includes material one-off items related to attrition.

The costs for insurance claims amounted to EUR 79 million in 2022, which is reflective of the substantial increase in business volume and shift in business mix. In 2022, wefox Insurance AG did not experience material natural catastrophes.

As a result, wefox Insurance AG recorded a loss of EUR 32 million for the financial year 2022.

wefox Insurance AG's management remains confident that 2022 has been a decisive year for the company. We have sharpened our risk appetite and performed a comprehensive review of all tariffs with a view to materially enhance profitability. Targeted remediation action plans for each country and line of business with granularity on portfolio level have been put in place and are being executed to sustainably reduce loss ratios where actual experience exceeded the targeted levels. In addition, we have reassessed our cost structure, and we are amplifying our technical and operational excellence efforts with a particular focus on loss management (e.g. fraud prevention and detection; management of repair networks) and further process automation in policy administration and claims. In the context of the measures adopted, wefox Insurance is on path to profitability, with improvements becoming visible in 2023 already.

Vaduz, 31.03.2023

wefox Insurance AG



Chairman of the Board of Directors

Dr. Alexander Ospelt



Chief Insurance Officer

Peter Huber

2. Balance sheet

In EUR thousand		Notes	31.12.2022	31.12.2021
Assets				
A.	Intangible assets			
IV.	Other intangible assets	1)	2'239	1'732
Total intangible assets			2'239	1'732
B.	Investments			
III.	Other investments	2)	371	450
Total investments			371	450
D.	Other accounts receivable			
I.	Accounts receivable from direct insurance business			
	I. from policyholders			
	a) from affiliated companies		6'077	25
	c) from other policyholders		101'436	9'890
	Total amount	3)	107'513	9'915
II.	Accounts receivable on reinsurance business		5'963	13'729
III.	Other accounts receivable			
	a) from affiliated companies		831	6'986
	c) from other debtors		386	2'811
	Total amount	4)	1'217	9'797
Total other accounts receivable			114'694	33'441
E.	Other assets			
I.	Tangible assets (excluding land and buildings) and inventories	1)	6	7
II.	Cash at bank and in hand	5)	64'538	33'728
IV.	Other assets	6)	1	1
Total other assets			64'544	33'736
F.	Prepayments and accrued income			
III.	Other prepayments and accrued income	7)	8'493	6'002
Total prepayments and accrued income			8'493	6'002
Total assets			190'341	75'362

In EUR thousand		Notes	31.12.2022	31.12.2021
Capital, reserves and liabilities				
A.	Capital and reserves			
I.	Called-up capital		5'550	5'550
II.	Organisation fund		12'850	12'850
III.	Capital reserves		74'769	41'269
V.	Profit or loss brought forward		-31'231	-8'786
VI.	Profit or loss for the financial year		-32'114	-22'445
Total capital and reserves		8)	29'824	28'438
D.	Technical provisions			
I.	Premiums brought forward			
	1. Gross amount		77'918	10'616
	2. Thereof: Share of reinsurers		-24'459	-6'225
	Net amount		53'459	4'390
III.	Provisions for unsettled insurance claims			
	1. Gross amount		63'275	16'860
	2. Thereof: Share of reinsurers		-18'654	-10'138
	Net amount		44'621	6'722
IV.	Provision for bonuses and rebates			
	1. Gross amount		13'160	50
	2. Thereof: Share of reinsurers		-	-
	Net amount		13'160	50
V.	Equalisation provision		2'500	2'690
VI.	Other technical provisions			
	1. Gross amount		6'246	1'658
	2. Thereof: Share of reinsurers		-1'714	-995
	Net amount		4'532	663
Total technical provisions		9)	118'272	14'516
F.	Other provisions			
II.	Tax provisions		1'735	1'701
III.	Other provisions		300	34
Total other provisions		10)	2'035	1'735
H.	Other liabilities			
I.	Liabilities from direct insurance business	11)	1'883	1'992
II.	Accounts payable on reinsurance business		35'642	18'771
V.	Other liabilities			
	1. Tax liabilities		162	133
	2. Social security liabilities		275	91
	3. Amounts owed to affiliated undertakings		-80	-
	4. Amounts owed to undertakings with which the company is linked by virtue of participating interests		-	23
	5. Other liabilities to other creditors		39	375
Total amount			395	622
Total other liabilities			37'920	21'384
I.	Accruals and deferred income	12)	2'290	9'289
Total capital, reserves and liabilities			190'341	75'362

It is hereby confirmed that the sum of EUR 118'272 thousand (previous year: EUR 14'516 thousand) shown in the balance sheet under the item for actuarial provisions has been calculated in accordance with the provisions of the Liechtenstein Insurance Supervision Ordinance ("VersAV").

Peter Davidson, Responsible Actuary

3. Income statement

In EUR thousand	Notes	2022	2021
I. Underwriting result for non-life insurance			
1. Premiums earned for own account			
a) Gross premiums written		195'911	45'562
b) Ceded reinsurance premiums		-54'538	-31'594
c) Change in gross premiums carried forward		-68'839	-5'647
d) Change in reinsurers, share of gross premiums carried forward		17'998	5'852
Net amount	13)	90'531	14'173
3. Other underwriting income for own account	14)	-	1'332
4. Charges for insurance claims for own account			
a) Payments for insurance claims			
aa) Gross amount		-73'785	-32'306
bb) Share of reinsurers		31'354	19'083
Net amount		-42'431	-13'224
b) Change in provisions for unsettled insurance claims			
aa) Gross amount		-45'319	-10'881
bb) Share of reinsurers		8'469	7'151
Net amount		-36'850	-3'731
Total amount	13)	-79'280	-16'954
6. Expenses for bonuses and rebates		-14'144	-47
7. Expenses for insurance operations for own account			
a) Acquisition costs		-10'619	-6'595
b) Administrative expenses		-19'842	-13'889
c) Commission received and profit-sharing on retroceded business		1'290	294
Total amount	15)	-29'171	-20'190
8. Other technical expenses		-3'869	-663
9. Change in equalisation provisions		191	-2'690
Total underwriting result for non-life insurance		-35'742	-25'041
III. Ordinary activities			
1. Result of the technical account for non-life insurance		-35'742	-25'041
3. Investment income	16)	30	97
5. Investment expenses	17)	-371	-486
7. Other income from ordinary business activities	18)	208	602
8. Other expenses from ordinary business activities	19)	-317	-610
9. Result from ordinary activities		-36'192	-25'438
13. Tax on profit or loss		4'078	2'992
15. Profit or loss for the financial year		-32'114	-22'445

4. Notes

4.1 General accounting principles

Accounting and financial reporting

The annual financial statements are prepared in accordance with the provisions of the Liechtenstein Persons and Companies Act (PGR) of 20 January 1926, as amended on 1 July 2019, as well as the Insurance Supervision Act (ISA) of 12 June 2015, as amended on 1 August 2019, and the Insurance Supervision Ordinance (ISA) of 25 August 2015.

There are no deviations from the general valuation principles, accounting methods and accounting regulations according to PGR and Vers AV.

The accounts are kept in EUR.

The balance sheet date for annual financial statements is 31 December.

Going concern

The annual report was prepared on a going concern basis. The management has considered all risks and carries out continuous monitoring.

Conversion of foreign currencies

The tax rate was used to translate foreign currencies into euros on the balance sheet date.

Exchange rates foreign currencies as of balance sheet date:

per 31.12.2021	CHF	1.0000000	EUR	0.9651112
per 31.12.2021	PLN	1.0000000	EUR	0.2181808
per 31.12.2022	CHF	1.0000000	EUR	1.0127095
per 31.12.2022	PLN	1.0000000	EUR	0.2136179

Valuation methods

Provisions for unsettled insurance claims are booked for claims that have occurred up to the reporting date, which represent an estimate of all future payments and claims handling costs to be made for these claims. The methods used to calculate the technical provisions are based on recognized actuarial methods and the knowledge of the specialists responsible for settling claims. Among other aspects, the experiences of the past years as well as the expectations for the future are taken into account. As a rule, chain-ladder-procedures are used. If these are not suitable in exceptional cases, other recognized procedures can also be used. The provisions are shown gross and net, i.e. before and after share of the reinsurer.

Intangible assets include development services which correspond to the services invoiced at the time of capitalisation. The balance sheet item is amortised on a straight-line basis over five years.

Receivables from direct insurance business are carried at nominal value.

Prepaid expenses and deferred charges are carried at nominal value.

4.2 Notes to the financial statement

1) Intangible and tangible fixed assets

Intangible assets correspond to capitalized external services for software development.

EUR thousand	Assets				Depreciation			Balance
	31.12.2021	Purchases	Disposals	31.12.2022	31.12.2021	2022	31.12.2022	31.12.2022
Intangible assets								
Development expenses	3'195	1'510	0	4'705	-1'463	-1'003	-2'466	2'239
Total intangible assets	3'195	1'510	0	4'705	-1'463	-1'003	-2'466	2'239
Tangible assets								
Furniture	9	0	0	9	-3	-1	-4	5
Equipment and IT	8	0	0	8	-7	0	-7	0
Total tangible assets	17	0	0	17	-10	-1	-11	6

2) Investments

In the reporting period loans in the amount of EUR 0 (previous year: EUR 75 thousand) with a term of 5 years have been granted. A value adjustment of 10% of the nominal value is made as a default reserve.

The derivative in the form of an FX forward concluded in 2021 to minimize the risk of exchange rate losses on foreign currency holdings was closed within the reporting period.

3) Accounts receivable from direct insurance business

The receivables of EUR 107'513 thousand (previous year: EUR 9'915 thousand) correspond to the outstanding premium payments of the policyholders. Of this amount, EUR 95'048 thousand (previous year: EUR 6'733 thousand) was not yet due for payment as of the reporting date.

4) Other accounts receivable

This item includes prepayments for payable claims (previous year: inter-company services for fiscal year 2021). Receivables from other debtors relate to premiums already collected that have not yet been passed on to wefox Insurance AG by the payment service providers as of the reporting date.

5) Cash at bank and in hand

wefox Insurance AG maintains various relationships with commercial banks in Liechtenstein, Germany, Poland and Switzerland to conduct its business.

6) Other assets

This position includes a rental deposit for the opened office in Warsaw.

7) Prepayments and accrued income

Prepayments and accrued income consist of prepaid consulting expenses as well as a discounted tax credit resulting from the losses of the financial years 2018 until 2022.

8) Capital and reserves

Capital and reserves changed as follows in the year under review:

EUR thousand	Called-up capital	Organisation fund	Capital reserves	Profit or loss brought forward	Total
Opening balance 01.01.2021	5'550	12'850	14'764	-8'786	24'378
Inflows / outflows			26'505		26'505
Annual results 2021				-22'445	-22'445
Balance as of 31.12.2021	5'550	12'850	41'269	-31'231	28'438
Balance per 01.01.2022	5'550	12'850	41'269	-31'231	28'438
Inflows / outflows			33'500		33'500
Annual results 2022				-32'114	-32'114
Balance as of 31.12.2022	5'550	12'850	74'769	-63'345	29'824

The share capital consists of EUR 5'550 thousand ordinary shares with a nominal value of EUR 1 each. The subscribed capital is fully paid up.

A total of EUR 33'500 thousand was contributed to the capital reserves of wefox Insurance AG in the year under review. These break down as follows:

17.05.2022: EUR 8'750 thousand

24.06.2022: EUR 8'750 thousand

19.12.2022: EUR 16'000 thousand

9) Technical provisions

The technical provisions consist of accruals for unearned premiums from policies sold and provisions for reported and outstanding claims, considering contractual reinsurance.

EUR thousand	31.12.2021	+ / -	31.12.2022
Premiums brought forward			
Gross amount	10'616	67'303	77'918
Thereof: Share of reinsurers	-6'225	-18'234	-24'459
Premiums brought forward, net	4'390	49'069	53'459
Provisions for unsettled insurance claims			
Gross amount	16'860	46'415	63'275
Thereof: Share of reinsurers	-10'138	-8'515	-18'654
Provisions for unsettled insurance claims, net	6'722	37'899	44'621
Provision for bonuses and rebates			
Gross amount	50	13'111	13'160
Thereof: Share of reinsurers	0	0	0
Provision for bonuses and rebates, net	50	13'111	13'160
Equalisation provision	2'690	-191	2'500
Other technical provisions			
Gross amount	1'658	4'587	6'246
Thereof: Share of reinsurers	-995	-719	-1'714
Other technical provisions, net	663	3'868	4'532
Total technical provisions	14'516	103'756	118'272

10) Other provisions - tax provisions and other provisions

This item includes insurance and fire protection taxes payable to Germany and Switzerland in the amount of EUR 1'735 thousand (previous year: EUR 1'701 thousand). The bonus program for policyholders as well as an ongoing legal dispute and other expenses resulted in the amount of EUR 300 thousand (previous year: EUR 34 thousand).

11) Liabilities from direct insurance business

This item includes brokerage commissions.

12) Accruals and deferred income

This item includes prepaid insurance premiums that have not yet been invoiced.

13) Earnings per insurance class

EUR thousand	Property & financial loss		Liability		Car		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Gross written premiums	130'230	4'692	1'762	1'971	63'919	38'898	195'911	45'562
Gross earned premiums	84'874	3'329	1'719	1'971	40'478	34'615	127'071	39'915
Gross claims incurred	- 81'204	- 1'340	- 1'266	- 1'875	- 55'178	- 44'368	- 137'648	- 47'584
Operating expenses for own account	- 3'046	- 2'627	- 1'911	- 3'076	- 24'214	- 14'487	- 29'171	- 20'190
Reinsurance balance	- 256	- 528	- 276	- 327	4'538	2'341	4'006	1'486

Operating expenses for own account consist of acquisition costs as well as administration expenses and commissions and profit shares received from ceded reinsurance business.

The reinsurance balance consists of ceded gross written premiums, ceded change in unearned premiums and ceded claims incurred.

Premium income broken down according to regional origin:

EUR thousand	2022	2021
Other EEA treaty states	63'309	42'923
Other states	132'601	2'638
Gross premiums written	195'911	45'562

14) Other underwriting income for own account

Other companies participated in the acquisition commissions of wefox Insurance AG. This item contains the amount that could be invoiced in the previous reporting year.

15) Expenses for insurance operations for own account

EUR thousand	2022	2021
Personnel expenses		
Salaries	-4'056	-2'327
Pension fund contributions and other social benefits	-657	-370
Other personnel expenses	-654	-101
Total personnel expenses	-5'367	-2'798
Administrative expenses		
Services from affiliated companies	-10'840	-7'978
Consulting and audit	-1'493	-625
Rent expenses	-84	-77
Other operating expenses	-2'058	-2'411
Total administrative expenses	-14'475	-11'091
Acquisition expenses / brokerage commissions	-10'619	-6'595
Commissions received under the reinsurance program	1'290	294
Total operating expenses for own account	-29'171	-20'190

This item consists of the amounts of personnel expenses, administrative expenses, acquisition costs / brokerage commissions and the commission of the reinsurance program and amounts to EUR -29'171 thousand (previous year: EUR -20'190 thousand).

The auditing fees amounted to EUR 180 thousand for the year 2022.

16) Investments income

Interest payments on loans granted and income from the derivative are carried under this item.

17) Investment expenses

This item includes bank interest and allowances on granted loans.

18) Other income from ordinary business activities

This item contains intercompany income.

19) Other expenses from ordinary business activities

This item contains expenses for restructuring activities.

4.3 Supplementary information about the financial statements

Number of employees

At the end of the reporting period, 36 employees (previous year: 24 employees) were employed by wefox Insurance AG.

Miscellaneous statements

In the reporting year, a sponsorship of CHF 140 thousand was granted to Liechtensteiner Skiverband (LSV). Dr. Alexander Ospelt is involved as president of the LSV.

wefox Insurance AG increased its capital reserves in 2023 by the following capital contributions:

02.02.2023: EUR 7'000 thousand

16.02.2023: EUR 5'000 thousand

On 23.02.2023, wefox Insurance AG returned a parental guarantee in the amount of CHF 5'000 thousand, which was granted by wefox Holding AG.

There are no other matters requiring disclosure (PGR, Art. 1091ff & VersAV Note 1).

5. Proposed appropriation of available earnings

1. At the disposal of the general assembly

EUR thousand	2022	2021
Profit/loss carried forward from the previous year	-31'231	-8'786
Result from the financial year	-32'114	-22'445
Balance sheet profit/loss as of 31.12.	-63'345	-31'231

2. Appropriation of the balance sheet result

EUR thousand	2022	2021
Allocation to the statutory reserve		
Profit/loss carried forward	-63'345	-31'231
Balance sheet profit/loss as of 31.12.	-63'345	-31'231

Vaduz, 31.03.2023

wefox Insurance AG



Chairman of the Board of Directors

Dr. Alexander Ospelt



Chief Insurance Officer

Peter Huber

wefox Insurance AG

Vaduz

Statutory auditor's report to the
General Meeting
on the financial statements 2022

Statutory auditor's report

to the General Meeting of wefox Insurance AG
Vaduz

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of wefox Insurance AG (the "Company"), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended, and the notes to the financial statements (excluding the footnote below the balance sheet).

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance for the year then ended in accordance with Liechtenstein law.

Basis for opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: EUR 1'945'000



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As a key audit matter, the following area of focus has been identified:

- Provisions for unsettled insurance claims

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall Group materiality	CHF 1'945'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, balance sheet metrics are more relevant for the involved stakeholders.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

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

Provisions for unsettled insurance claims

Key audit matter	How our audit addressed the key audit matter
<p>In the financial statements, wefox reports EUR 63.3 million gross under the "Provisions for unsettled insurance claims" balance sheet item (so called claims provisions).</p> <p>Insurance companies are required to recognise claims provisions to the extent necessary in accordance with reasonable business judgment to ensure that they can meet their obligations from insurance contracts on a continuous basis. Defining assumptions for the purpose of measuring claims provisions requires the Board of Directors and Management, in addition to complying with the requirements of commercial and regulatory law, to make estimates of future events and to apply appropriate measurement methods.</p> <p>The methods used to determine the amount of the claims provisions and the calculation parameters are based on judgments and assumptions made by the Board of Directors and Management. Minor changes to those assumptions or to the methods used may have a material impact on the measurement of the claims provisions.</p> <p>Due to the material significance of the amounts of these provisions for the assets, liabilities and financial performance of wefox as well as the scope for judgment on the part of the Board of Directors and Management and the associated uncertainties in the estimations made, the measurement of the claims provisions is of particular significance in the context of our audit.</p> <p>The measurement model of the claims provisions are detailed in the notes to the financial statements on page 8 and further details on the position are provided on page 10.</p>	<p>As part of our audit we have worked with our internal actuarial specialists to assess the assumptions made by the Board of Directors and Management and used by wefox. In doing so, we based our assessment on our industry expertise and experience, among other things, and considered recognised methods.</p> <p>Depending on the risk profile and materiality considerations, we have performed the following types of audit procedures over the actuarially determined reserves of wefox:</p> <ul style="list-style-type: none">• Independent re-projections: A detailed calculation of best estimate reserves by our actuarial specialists based on data provided by wefox.• Assessment of methods and assumptions: A detailed assessment of the appropriateness of the methods and assumptions applied by wefox to determine the level of reserving. This includes inquiry of management and may include sensitivity analysis.• Diagnostics: These procedures include inquiry of management and analytical procedures (e.g. analysis and testing of key indicators, development of reserves and claims patterns). <p>For case reserves, we have selected samples of claims files and performed test of details over them. This includes testing the existence of the claim, review of the documentation in the claims file, adherence to reserving guidelines as well as the correct transfer of data and amounts to the accounting systems.</p> <p>Based on these audit procedures, we consider the models and assumptions used in the valuation of claims provisions as reasonable.</p>

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the financial statements, the management report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information in the annual report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Liechtenstein law, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and 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 Liechtenstein law and 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 or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further information pursuant to article 10 of Regulation (EU) No 537/2014

We were elected as statutory auditor by the General Meeting on 29 March 2022. We have been the statutory auditor of the Company without interruption since the financial year ending 31 December 2018.

We declare that the audit opinions contained in this statutory auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of Regulation (EU) No 537/2014.

We have provided the following services, which were not disclosed in the financial statements or in the management report, in addition to the statutory audit for the audited company:

- Regulatory audit according to the Liechtenstein insurance regulation

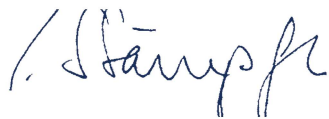
Further, we declare that no prohibited non-audit services pursuant to article 5 in accordance with article 10 para. 2 lit. f Regulation (EU) No. 537/2014 were provided.

Further confirmations according to article 196 PGR and article 54 para. 3 VerAV

The accompanying management report has been prepared in accordance with the applicable legal requirements, is consistent with the financial statements and, in our opinion, based on the knowledge obtained in the audit of the financial statements and our understanding of the Company and its environment does not contain any material misstatements.

We further confirm that the financial statements and the proposed appropriation of available earnings comply with Liechtenstein law, the articles of incorporation and the regulatory requirements. We recommend that the accompanying financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Michael Stämpfli

Liechtenstein Certified Public Accountant
Auditor in charge



Christian Konopka

Zurich, 31 March 2023

Enclosures:

- Management report
- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

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