

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by LifeStar Holding plc ("the Company") pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

QUOTE

The Company announces that the Board of Directors met today, 29 August 2022, and approved the unaudited Half-Yearly Financial Report of the Company for the six-month period ended 30 June 2022.

A copy of the approved Half-Yearly Financial Report is attached to this announcement and is also available for viewing on the Company's website at <http://lifestarholding.com/wp-content/uploads/2022/08/LSH-2022.pdf>

UNQUOTE

By Order of the Board.

29 August 2022



LifeStar Holding Plc

Interim Report and Interim
Condensed Consolidated
Financial Statements

30 June 2022

www.lifestarholding.com

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Interim Directors' Report

The following statements relate to the consolidated position of LifeStar Holding p.l.c. (the "Company") together with its subsidiaries (the "Subsidiaries"), together hereinafter referred to as the "LifeStar Group". June 2022 incurred a loss after tax totalling €4,696,138 compared to the prior loss after taxation of €2,412,939.

LifeStar Insurance plc

The life insurance business saw its gross written premium increase to €7.2 million, representing an 8% uplift over the same period last year. The Company saw its loss before taxation increase to €4.4 million from a prior year loss for the same period of €2.1 million. The life business incurred unrealised losses on the investment portfolio of €3.1 million which was mainly driven by reductions in both local and foreign sovereign bonds, local bonds, and both local and foreign equities. Surrenders and maturities have increased closing off the six-month period at €6.6 million. The total technical income saw a healthy increase of €615,790 to close of the six-month period at €7.5 million compared to the same period in 2021 of €6.9 million. Total technical charges for the period under review closed at €11.1 million compared to €8.7 million. Value of in-Force business also grew during these six months by a further €440k meaning that the Company has continued to write very profitable business. The LifeStar Insurance plc has a healthy Solvency Capital Ratio of 180.1% (Dec 2021: 164.5%). This has predominantly come about through a more efficient cash retention policy and a reduction in our Market Equity risk.

LifeStar Health's business commission income from normal operations increased by 9% when compared to the first six months of 2021 due to the near returning to normality of those business sectors that were adversely impacted by the COVID-19 measures implemented by the various governments around the globe. Profit commission increased by 38% when compared to the same period last year. Total commissions receivable increased by 12% when compared to last year.

Total costs increased by 16.6% over last year mainly due to higher salary costs due to increased level of business and also due to the Talent Retention strategy implemented at the very beginning of 2022. The composite effect being that the health insurance business registered a profit before tax of €432,382 compared to €412,432 in 2021, an increase of 4.8%.

Other Subsidiaries of the Group

During the current period, GlobalCapital Financial Management Limited sustained another marginal loss of €69,256 (six months period ended 30 June 2021 loss of €21,358). These first six months saw the near completion of the sale of the retail book and the focus turn to corporate and institutional clients. The loss is due to lower revenue as the company tunes itself to the new strategy and slightly higher costs as these too are brought in line with the new model. The Directors also believe that the legacy issues are also coming to their end.

COVID-19

The operations of both businesses were adversely impacted by various quarantined staff members and as a company, we believe that the virus will be with us in the short to medium term. We continue to urge both our customers and staff to exercise basic hygiene measures. Except for surrenders experienced by the LifeStar Insurance plc the respective levels of operation are returning to the pre-pandemic levels.

Interim Directors' Report (continued)

Achieving long term financial stability

The Directors look towards the next half of this year with cautious optimism. There are various global factors at play mainly the Ukraine conflict, the high inflation rates prevailing across all economies and the uncertainty in financial investments. We are also seeing an increased pace in increases in the various base rates of various countries including the European Union. The Board and Management are very conscious of these challenges and remain focused on improving operational efficiencies, customer satisfaction and retention and overall increased shareholder returns.

The Directors do not recommend the payment of an interim dividend. By order of the Board.



Paolo Catalfamo
Chairman



Joseph C. Schembri
Director

29 August 2022

**Directors' Statement pursuant to the Capital Markets Rule 5.75.3
Issued by the Malta Financial Services Authority**

We confirm that to the best of our knowledge:

- The condensed interim financial information give a true and fair view of the financial position of the Group as at 30 June 2022 and of its financial performance and its cash flows for the period ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34).
- The Interim Directors' Report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.

Signed on behalf of the Board by:



Paolo Catalfamo
Chairman



Joseph C. Schembri
Director

29 August 2022

Condensed interim consolidated statement of comprehensive income

<i>For the period ended 30 June 2022</i>	Group	
	1 January to 30 June 2022	1 January to 30 June 2021
	(unaudited)	(unaudited)
	€	€
Commission and fees receivable	859,686	1,066,334
Balance on the long-term business of insurance technical account before tax	(3,526,530)	(1,050,627)
Increment in the value of in-force business	676,186	704,475
Administrative expenses	(1,465,201)	(1,810,779)
Commission payable and direct marketing costs	(28,101)	(57,690)
Operating loss	(3,483,960)	(1,148,287)
Net investment return, net of allocation to the insurance technical account	(927,688)	(1,064,674)
Loss for the period before tax	(4,411,648)	(2,212,961)
Tax credit/(expense)	(284,490)	(199,978)
Loss for the period	(4,696,138)	(2,412,939)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net loss on available-for-sale financial assets, net of tax	47,113	(9,301)
Total comprehensive loss for the period	(4,649,025)	(2,422,240)
Loss per share (cents)	(15c5)	(8c1)

Condensed interim consolidated statement of financial position

<i>As at 30 June 2022</i>	Group	
	30 June 2022	31 December 2021
	(unaudited)	(audited)
	€	€
ASSETS		
Intangible assets	14,742,717	14,153,312
Right of use asset	236,013	283,880
Property, plant & equipment	3,594,141	3,625,100
Investment property	24,352,750	24,430,683
Other investments	83,618,486	91,219,724
Reinsurers' share of technical provisions	18,218,512	20,004,452
Deferred tax asset	-	-
Taxation receivable	154,727	51,631
Trade and other receivables	4,619,022	3,975,197
Deposits with bank and credit institution	2,100,000	2,100,000
Cash and cash equivalents	7,939,686	10,525,645
Asset held for sale	-	190,000
Total assets	159,576,053	170,559,624
EQUITY AND LIABILITIES		
Capital and reserves	20,284,789	24,933,814
Technical provisions	125,169,576	130,059,589
4% LifeStar Subordinated Bond	4,418,483	4,730,586
Lease liability	204,885	259,192
Tax payable	234,259	190,952
Deferred tax liability	2,397,645	2,396,044
Trade and other payables	6,866,416	7,989,447
Total equity and liabilities	159,576,053	170,559,624

These unaudited interim condensed consolidated financial statements on Pages 3 to 6 were approved by the Board of Directors, on 29 August 2022 and signed on its behalf by:



Paolo Catalfamo
Chairman



Joseph C. Schembri
Director

Condensed interim consolidated statement of cash flows

	Group	
<i>For the period ended 30 June 2022</i>	01 January to 30 June 2022	01 January to 30 June 2021
	(unaudited)	(unaudited)
	€	€
<i>Net cash used in operating activities</i>	(9,745,605)	4,870,131
<i>Net cash generated from investing activities</i>	7,423,745	(2,607,718)
<i>Net cash used in financing activities</i>	(312,103)	(7,252,645)
Movement in cash and cash equivalents	(2,633,963)	(4,990,232)
Cash and cash equivalents at the beginning of period	10,525,645	18,263,331
Decrease in cash and cash equivalents	(2,633,963)	(4,990,232)
Cash and cash equivalents at end of period	7,891,682	13,273,100

Condensed interim consolidated statement of changes in equity

For the period ended 30 June 2022 (unaudited)

	Share capital	Own Shares	Other reserves	Capital redemption reserve	Retained Earnings	Attributable to the owners of the parent	Non- controlling Interest	Total
	€	€	€	€	€	€	€	€
Balance as at 1 January 2022	8,735,160	(1,717,318)	10,608,479	800,000	(1,805,553)	16,620,768	8,313,046	24,933,814
Loss for the financial period	-	-	-	-	(3,639,566)	(3,639,566)	(1,056,572)	(4,696,138)
Net movement in available-for-sale investments	-	-	34,936	-	-	34,936	12,177	47,113
Total comprehensive loss for the period	-	-	34,936	-	(3,639,566)	(3,604,630)	(1,044,395)	(4,649,025)
Increase in value of in-force business, transferred to other reserves	-	-	-	-	-	-	-	-
Balance at 30 June 2022	8,735,160	(1,717,318)	10,643,415	800,000	(5,445,119)	13,016,138	7,268,651	20,284,789
Balance at 1 January 2021	8,737,160	-	10,731,697	800,000	(1,819,838)	-	-	18,447,019
Profit for the financial period	-	-	-	-	(2,412,939)	-	-	(2,412,939)
Net movement in available-for-sale investments	-	-	(9,301)	-	-	-	-	(9,301)
Total comprehensive income for the period	-	-	(9,301)	-	(2,412,939)	-	-	(2,422,240)
Increase in value of in-force business, transferred to other reserves	-	-	704,475	-	(704,475)	-	-	-
Balance at 30 June 2021	8,735,160	-	11,426,871	800,000	(4,937,252)	-	-	16,024,779

Segmental information

The following is an analysis of the Group's revenue and result by reportable segment, assets, liabilities, and other information for the period ended 30 June 2022.

	Investment and advisory services	Business of Insurance	Agency and brokerage services	Property services	Adjustments	Group
Period ended 30 June 2022	€	€	€	€	€	€
Revenue from external customers	165,244	7,436,098	818,640	-	-	8,419,982
Intersegment revenues	-	-	-	-	-	-
Segment profit/(loss)	(69,256)	(3,984,358)	432,382	(468,861)	3,611,252	(478,841)
Net investment loss						(927,688)
Other corporate expenses						(3,005,118)
Loss before tax						(4,411,648)
As at 30 June 2022						
Total assets	1,814,803	161,197,640	2,816,928	8,538,112	(22,321,065)	152,046,418
Unallocated assets						7,529,635
						159,576,053
Total liabilities	1,620,584	134,001,691	993,613	8,033,206	(1,689,000)	142,960,094
Unallocated liabilities						(3,668,830)
						139,291,264
Period ended 30 June 2021						
Revenue from external customers	193,286	6,886,698	773,343	-	-	7,853,327
Intersegment revenues	-	-	-	-	-	-
Segment profit/(loss)	(21,358)	(1,235,456)	412,432	(192,328)	701,293	(335,417)
Net investment income						(1,064,674)
Other corporate expenses						(812,869)
Profit before tax						(2,212,961)

Segmental information (continued)

As at 30 June 2021	Investment and advisory services €	Business of insurance €	Agency and brokerage services €	Property services €	Adjustments €	Group €
Total assets	1,498,488	172,569,307	2,584,162	7,384,799	(1,641,626)	182,395,130
Unallocated assets						(9,351,497)
						173,043,633
Total liabilities	1,094,939	145,119,831	246,457	7,159,884	(10,441,231)	143,179,880
Unallocated liabilities						11,407,675
						154,587,555

Fair Value Measurement

As at 30 June 2022 (unaudited)

	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Fair Value through profit or loss				
Debt securities	26,097,106	-	-	26,097,106
Equities	16,068,678	-	-	16,068,678
Collective Investment schemes	2,472,372	-	-	2,472,372
Available for sale				
Equities	2,207,068	-	-	2,207,068
Collective investment schemes held to cover linked liabilities	-	29,126,303	-	29,126,303
Investment Property			24,352,750	24,352,750
Financial Liabilities at amortised cost				
Amounts due to shareholders	-	-	-	-
4% LSI Subordinated Bond and outstanding on the redeemed bond	-	(2,122,293)	-	(2,122,293)
Bank loan	-	-	-	-
Unit linked financial instruments	-	(30,113,418)	-	(30,113,418)
Balance at 30 June 2022	<u>46,845,224</u>	<u>(3,109,408)</u>	<u>24,352,750</u>	<u>68,088,566</u>

Fair Value Measurement (continued)

	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Fair Value through profit or loss				
Debt securities	23,968,705	-	-	23,968,705
Equities	19,033,513	-	-	19,033,513
Collective Investment schemes	6,011,080	-	-	6,011,080
Available for sale				
Equities	1,838,107	-	-	1,838,107
Collective investment schemes held to cover linked liabilities	-	27,859,847	-	27,859,847
Investment Property			24,430,683	24,430,683
Financial Liabilities at amortised cost				
Amounts due to shareholders	-	-	-	-
5% bonds 2021	-	-	-	-
Bank loan	-	-	-	-
Unit linked financial instruments	-	(34,395,648)	-	(34,395,648)
Balance at 31 December 2021	50,851,405	(6,535,801)	24,430,683	68,764,287

As at 31 December 2021 (audited)

Level 2 collective investment schemes are valued using the realisable net asset value per share of the fund as published by the fund administrator on the Malta Stock exchange or website of the fund administrator as applicable.

For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the Group uses the valuation processes to decide its valuation policies and procedures and analyse changes in fair value measurements from period to period. The Group's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The responsibility of ongoing measurement resides with Management. Management validates fair value estimates by benchmarking prices against observable market prices or other independent sources, re-performing model calculations and evaluating and validating input parameters. Management also challenges the valuation model on at least an annual basis or when significant events in the relevant markets occur.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six-month period ended 30 June 2022.

At 30 June 2022 and 31 December 2021 the carrying amounts of financial assets and current financial liabilities approximated their fair values except for investment contracts with DPF and unlisted equity financial instruments classified as available-for-sale amounting to €2,207,068 (31 December 2021: €1,838,107). The aforementioned equity instruments are measured at cost as it is impracticable to determine the fair value given the nature of such investments. Moreover, for the investment contracts with DPF there is no reliable basis to measure the future discretionary term which is a material feature of these contracts.

Fair Value Measurement (continued)

The financial liabilities for unit link contracts were classified as Level 2. The fair value of these contracts is determined using the current unit value that reflects the fair value of the financial asset (classified as Level 2) linked to the financial liability.

Other considerations on Financial Assets

Unrealised fair value movements during the period under review resulted in an adverse movement of €2,889,646. The following are the main classes of investments leading to this movement:

- Adverse movement in equities €1,919,766
- Adverse movements in fixed income securities €913,157
- Favourable movement in funds and unquoted investments €56,723

Investment Property

There were no additions during the current reporting period. The investment property held in Barcelona (Spain) was disposed of during 2022, this was classified as available-for-sale in the annual financial statements dated 31 December 2021. As at period end, the value of investment property is stated as disclosed in the 31 December 2021 annual financial statements. Details about the fair valuation of investment property are provided in Note 14 to the audited annual financial statements for the year ended 31 December 2021.

Notes to the condensed interim consolidated financial statements

- a. This half-yearly report is published pursuant to chapter 5 of the Malta Financial Services Authority Capital Markets Rules and the Prevention of Financial Market Abuse Act, 2005. The condensed set of consolidated interim financial statements attached to this report has been extracted from LifeStar Holding p.l.c.'s unaudited Group financial statements for the six months ended 30 June 2022.
- b. The condensed interim financial statements for the half year ended 30 June 2022 have been extracted from the unaudited management accounts of the Group and have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting. These financial statements have not been audited nor reviewed by the Group's independent auditors. The consolidated condensed financial information does not include all the notes of the type normally included in the annual financial statements. Accordingly, the interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.
- c. The interim financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties, financial assets classified at fair value through profit and loss, available-for-sale investments, value of in-force business and investment contracts without DPF. The same accounting policies, presentation and methods of computation have been followed in these interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2021.
- d. The Group's operations consist of the provision of investments, advisory and insurance intermediary services in terms of the investment Services Act, 1994 and the Insurance Intermediaries Act, 2006, the carrying on of long-term business of insurance under the Insurance Business Act, 1998. The Group's turnover is primarily generated in and from Malta.
- e. The Group had no commitments for capital expenditure as at 30 June 2022 and 31 December 2021.
- a. The net unrealised loss on financial instruments recognised in the interim condensed consolidated statement of comprehensive income for the period ended 30 June 2022 amounted to €3,079,560 (30 June 2021: loss of €2,606,386).
- f. Earnings per share is based on the net result for the period divided by the weighted average number of ordinary shares during the period. The weighted average number of shares in issue during the period amounted to 30,000,000 shares (2021: 30,000,000 shares).
- g. During the six months ended 30 June 2022, property, plant and equipment include additions of €2,971 (year ended 31 December 2021: €96,026) and disposals of nil (2021: nil) and intangible assets include additions of €169,338 (year ended 31 December 2021: €616,192) and disposals of nil (2021: nil).
- h. Included in the 'Balance on the long-term business of insurance technical account before tax' of the condensed statement of comprehensive income is the net movement in the life reserve amounting to an increase of €441,801 (30 June 2021 a decrease of €255,795) and the net movement in the claims outstanding amounting to an increase of €946,294 (30 June 2021 an increase of €414,973). The estimates and key assumptions used to arrive at the value of the Life Reserve and the Value of In-Force Business remained the same as those applied as at 31 December 2021.



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