

IBERIAN INSURANCE GROUP, S.L.

SMALL AND MEDIUM-SIZED ENTERPRISE (SME) FINANCIAL STATEMENTS FOR THE 2020 FINANCIAL YEAR TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT ON THE SME FINANCIAL STATEMENTS

This version of the Annual report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the Annual report takes precedence over this translation



IBERIAN INSURANCE GROUP, S.L.

Small and Medium-sized Enterprise (SME) Financial Statements for the 2020 financial year together with the Independent Auditor's Report on the SME Financial Statements

INDEPENDENT AUDITOR'S REPORT ON THE SME FINANCIAL STATEMENTS

SME FINANCIAL STATEMENTS FOR THE 2020 FINANCIAL YEAR:

- SME Balance Sheet for 31 December 2020 and 2019
- SME Profit and Loss Accounts for the 2020 and 2019 financial years
- Notes to the SME Financial Statements for the 2020 financial year

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IBERIAN INSURANCE GROUP, S.L.

Independent Auditor's Report on the SME Financial Statements

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Audit report on the SME financial statements issued by an independent auditor

To the Partners of IBERIAN INSURANCE GROUP, S.L. (on behalf of the Sole Director):

Opinion

We have audited the SME financial statements of IBERIAN INSURANCE GROUP, S.L. (the Company), consisting of the SME balance sheet at 31 December 2020, the SME profit and loss account and SME notes to the financial statements for the financial year ended on said date.

In our opinion, the accompanying SME financial statements show, in all material respects, the true and fair view of the net equity and the financial position of the Company as of 31 December 2020, and its results for the year thereto, in accordance with the applicable financial reporting regulatory framework (identified in note 2 a) to the SME financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis of opinion

We have performed our audit in accordance with the current regulations governing the audit practice in Spain. Our responsibilities in accordance with these regulations are described later in the section *Auditor's Responsibilities relating to the audit of the SME financial statements* of our report.

We are independent of the Company in accordance with the ethical requirements, including those of independence, which are applicable to the audit of SME financial statements in Spain as required by the regulations governing the audit practice. Accordingly, we have not provided services other than those of the audit of accounts, nor have concurred situations or circumstances that, in accordance with the provisions of the aforementioned governing regulations, have compromised the necessary independence.

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

Most relevant aspects of the audit

The most relevant audit matters are those that, in our professional judgment, were of most significance in our audit of the SME financial statements of the current period.

Our audit procedures relating to these matters were designed in the context of our audit of the SME financial statements as a whole and in the build-up process of our opinion and we do not express a separate opinion on those matters.

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Most relevant aspects of the audit	Audit response
<p data-bbox="271 380 766 492"><i>Valuation and accuracy of trade debtors and accounts receivable, and also income from commission</i></p> <p data-bbox="271 526 766 896">As explained in Notes 1 b) and 4 f) of the accompanying notes to SME financial statements, the Company's income consists mainly of commission on the sale of risk policies. The Company acts as an intermediary between the customer and the insurance company. Commission income is recorded on an accrual basis, irrespective of the monetary or financial flow of the transaction.</p> <p data-bbox="271 929 766 1187">We have identified the correct timing of the recognition of revenue as a relevant aspect, particularly at the close of the financial year, due to the specific nature of the commercial terms agreed with customers and the high number of transactions carried out.</p>	<p data-bbox="813 526 1276 593">We have carried out, amongst others, the following audit procedures:</p> <ul data-bbox="813 616 1276 1738" style="list-style-type: none"><li data-bbox="813 616 1276 728">- Request for details of the policies contracted, checking a sample to confirm:<ul data-bbox="845 750 1276 1332" style="list-style-type: none"><li data-bbox="845 750 1276 884">✓ That the conditions stated coincide with those contained in the contracts signed with customers.<li data-bbox="845 907 1276 1131">✓ That the commission applied to each policy is the same as that indicated in the contracts between the Company and the various insurance companies whose policies it sells.<li data-bbox="845 1153 1276 1332">✓ That the calculations made to determine the actual and projected revenues and costs coincide with those recorded by the Company.<li data-bbox="813 1355 1276 1579">- Request for confirmation of the volume of operations carried out during the year and the balances at the close of the year with the insurance companies issuing the policies sold by the Company.<li data-bbox="813 1601 1276 1738">- Checking that the information included concerning these aspects in the SME financial statements is adequate.

Responsibility of the Sole Director regarding the SME financial statements

The Sole Director is responsible for drawing-up the accompanying SME financial statements so that they give a true and fair image of the net equity, the financial situation and the results of the Company, in accordance with the regulatory framework of financial information applicable to the Company in Spain, and of the internal control considered necessary to allow the preparation of SME financial statements free of material misstatement, due to fraud or error.

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In the preparation of the SME financial statements, the Sole Director is responsible for assessing the Company's ability to continue as a going concern, revealing, if appropriate, the matters related with the company under operating basis and using the going-concern principle except if the Sole Director intends to liquidate the Company or cease operations, or if there is no other realistic alternative.

Auditor's responsibility for the audit of the SME financial statements

Our objective is to obtain reasonable assurance that the SME financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance, but does not guarantee that an audit conducted in accordance with the regulations governing the audit activity in force in Spain will always detect a material misstatement, if it exists. Misstatements can arise from fraud or error and 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 these SME financial statements.

As part of an audit in accordance with the regulations governing the audit practice in Spain, we make professional judgment and maintain an attitude of professional scepticism throughout the audit. We also:

- Identify and value the risks of material misstatement in the SME financial statements, due to fraud or error, design and apply audit procedures to respond to such risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or circumvention of internal control.
- Obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate depending on the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate whether the accounting policies are appropriate, the reasonableness of the accounting estimates and the corresponding information revealed by the Sole Director

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- We conclude on whether the use, by the Sole Director, of the going concern accounting principle and, based on the obtained audit evidence, conclude on whether there is or not a material uncertainty related to facts or conditions that may generate significant doubts about the Company's capacity to continue as a going concern. If we conclude that there is a material uncertainty, we must draw attention in our audit report to the information disclosed in the SME financial statements or, if these disclosures are not adequate, we must express a modified opinion. Our conclusions are based on the audit evidence obtained until the date of our audit report. However, future facts or conditions may be the cause that the Company ceases to be a going concern.
- Evaluate the global presentation, structure and content of the SME financial statements, including the information disclosed, and whether the SME financial statements represent the transactions and underlying facts in such a way that they manage to express the true and fair view.

We communicate with the Sole Director of the Company regarding, among other matters, the scope and the timing of the audit planned and the significant findings thereof, as well as any significant internal control deficiency which we may identify during the audit.

Among the significant risks that have been reported to the Sole Director of the Company, we determine those which were most significant in the audit of the SME financial statements of the current period and which are, therefore, the core matters of the audit.

We describe those matters in our audit report unless the legal or regulatory provisions prohibit that the matter be publicly revealed.

BDO Auditores, S.L.P.

20 July 2021

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