



ANNUAL REPORT 2024/25



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13 Months by your side!



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Vision



A company that comes to mind for best insurance service

Mission



- ➔ To provide dependable best insurance services and engage in lucrative investment activities using capable manpower and modern technology.
- ➔ Offer insurance products at affordable premiums by using all market channels.
- ➔ Satisfy customers and increase shareholders value through discharging its corporate social responsibility.
- ➔ Ensuring profitability and sustainable growth, in a social responsible manner.

Core Values

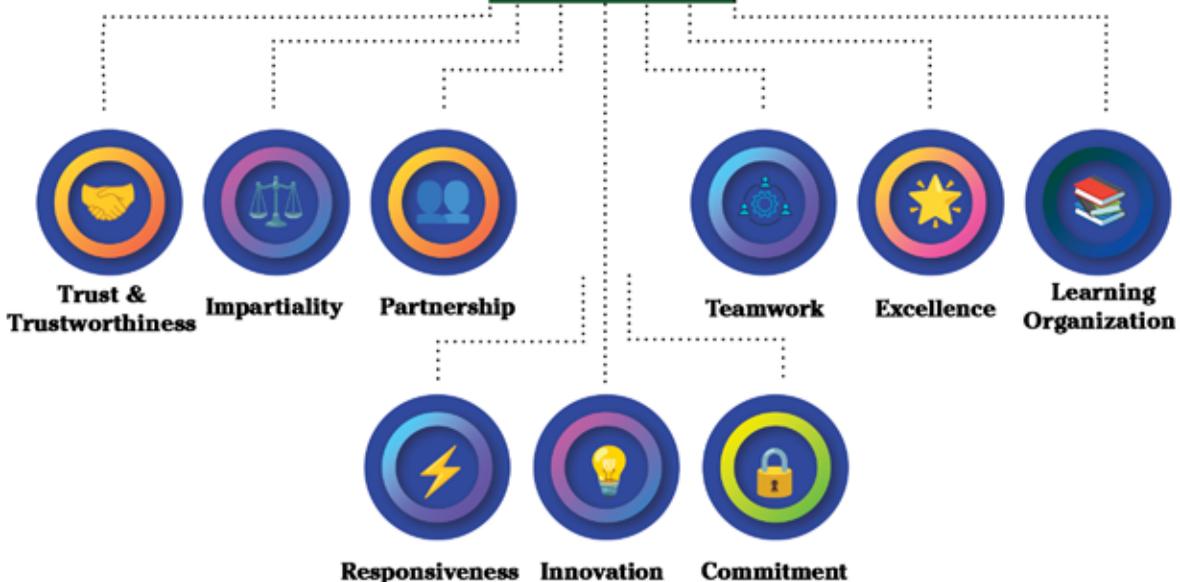


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BOARD OF DIRECTORS



TESFAYE BORU (PhD.)
CHAIRMAN BOARD OF
DIRECTORS



GETACHEW WOLDE
V/CHAIRMAN BOARD OF
DIRECTOR



SOLOMON W/YOHANES
DIRECTOR



WENDE WEDAJO
DIRECTOR



MESFIN TEFERA
DIRECTOR



AGAR ALEMAYEHU
DIRECTOR



EMEBET ALEMAYEHU
DIRECTOR



TEMSEGEN MEKURIA
DIRECTOR



WUBSHIET ZEGEYE
DIRECTOR

EXECUTIVE MANAGEMENT



ADEFRIS WESENE
CEO



DEMIS ABERA
DCEO-OPERATIONS



SIYAMREGN ADDIS
DIRECTOR - HR &
LOGISTICS



MATHEOWS MOGISO
DIRECTOR - UNDERWRITING &
BRANCH OPERATION



GETACHEW TAKELE
DIRECTOR- CLAIMS &
RECOVERY



YODIT YIMER
DIRECTOR - MARKETING &
BUSINESS DEVELOPMENT



BEHAILU KEBEDE
DIRECTOR - FINANCE &
INVESTMENT



SOLOMON ZELALEM
MANAGER - LEGAL SERVICE

CHAIR PERSON'S STATEMENT

Dear Valued Shareholders,

Welcome to the 13th Regular Annual General Meeting of Lucy Insurance Share Company.

On behalf of the Board of Directors, I am pleased to present the Annual Report and audited financial statements for the Financial Year (FY) 2024/25. As we have reflected on the past year, it is with great pride that I present this statement highlighting our achievements. The past year has been transformative for our company, marked by strong financial results that underscore our resilience and strategic

vision. Thanks to the dedication of our team and the unwavering support of our stakeholders, we have not only navigated challenges but have also positioned ourselves for future growth. Together, we have built a solid foundation that inspires confidence and trust in our journey ahead.

Over the past years, the Company has advanced its growth and expansion strategy through several significant initiatives aimed at strengthening its underwriting services steering towards premium growth. These efforts included the successful opening of six new branches and the establishment of strategic partnerships with microfinance institutions to broaden business outreach. A major milestone during the fiscal year was the launch of the Digital Insurance and Premium Loan Service, designed to promote digital inclusion and enable customers to access insurance services anytime and anywhere. Introduced in collaboration with Global Bank Ethiopia and Kacha Digital Finance Service S.C., the platform also assists customers experiencing temporary financial challenges by offering convenient Premium loan options for their insurance needs. Additionally, in compliance with the National Bank of Ethiopia's directives, the Company acquired a core insurance software system as part of its ongoing digital transformation initiatives

As part of this rollout, live service has commenced in all branches, marking a significant milestone in



the implementation process. The new branches and working units are currently in the testing and transition phases to ensure seamless integration. This phased approach allows us to proactively address potential challenges, ensuring that all branches are fully utilized the system efficiently. We remain committed to providing comprehensive support throughout this transition, ensuring a smooth and successful rollout across the entire organization, ultimately enhancing our overall operational efficiency.

In keeping with our commitment to the long-term success of the company, the implementation of the six-year strategic plan has been a primary focus for the board of directors. This comprehensive roadmap outlines clear objectives and strategic initiatives aimed at driving future growth and profitability, while strengthening the company's competitive position. The board has worked diligently to ensure that the plan addresses both current market challenges and emerging opportunities, with an emphasis on sustainable development, innovation, and value creation for our shareholders. This strategic blueprint will serve as the foundation for our company's continued growth and success in the years ahead.

Dear esteemed shareholders

Despite the challenges posed by severe claims in our motor class of business, inflationary pressures, a volatile operating environment, and broader economic uncertainties, we are pleased to report a commendable performance during the period.

In contrast to the previous year's performance, and in line with the commitments made at our last shareholders' meeting, the Company recorded a notable profit of Birr 90.41 million for the fiscal year ended June 30, 2025. This represents a 10.22% increase over the prior year's profit of Birr 82.03 million. The improved

performance was driven by our strategic focus on increasing direct premium earnings, maintaining disciplined cost control, implementing prudent underwriting practices, and strengthening claims management. This achievement reflects the collective and coordinated efforts of our Board of Directors, management team, employees, and valued stakeholders.

Our premium production rose substantially to Birr 523.21 million, achieving 99% of the budgeted target and recording a notable growth of 32%. Claims payments stood at Birr 172.13 million, resulting in a claims ratio of 43%, which reflects the strength of our risk management practices. Furthermore, the underwriting result reached Birr 143.03 million, marking a 1.01% improvement compared to last year's Birr 141.6 million and demonstrating enhanced operational capacity. Overall, these outcomes reaffirm our focus on improving profitability and strengthening the company's position for sustained success.

We have diversified our investment portfolio to support overall income growth. As a result, investment income increased by 30%, equivalent to Birr 12.43 million, compared to the previous year. In response to high inflation and volatile market conditions, the company implemented a cost-reduction strategy, successfully keeping expenses within budget limits, with only a slight increase of 5%.

The Board of Directors has taken a decisive step to address the company's long-standing challenge of employee turnover. Following a comprehensive review of market trends and compensation practices across peer insurance companies, we implemented a salary increment as part of our broader talent retention strategy. This initiative was aimed at ensuring our remuneration remains competitive, thereby strengthening our ability to attract and retain high-performing employees.

As a result, the employee turnover rate declined from 15% in the previous year to 12% by year-end. The steps taken during the year are expected to deliver stronger and more sustainable results in the coming periods by improving employee retention and further reducing turnover.

Dear honoured shareholders,

In the coming year, aligned with our six-year strategic plan, we will continue to pursue numerous initiatives aimed at enhancing the strength and success of our company. Our focus will remain on continuous growth and profitability, strengthening human capital, advancing digital initiatives, increasing the company’s paid-up capital, and ensuring compliance—each of which is essential to our long-term success.

Finally, we would like to express our sincere gratitude for your unwavering support and look forward to your continued cooperation in achieving the required capital level. We deeply appreciate the trust you have placed in us, and we remain fully committed to turning the company’s vision into reality. A special thank you goes to the Board, Management, and staff for their tireless efforts and steadfast commitment. We also extend our sincere gratitude to the National Bank of Ethiopia, as well as to our valued clients and business partners, for their continued trust and confidence in our Company.



Tesfaye Boru (PhD)
Chairperson, Board of Directors

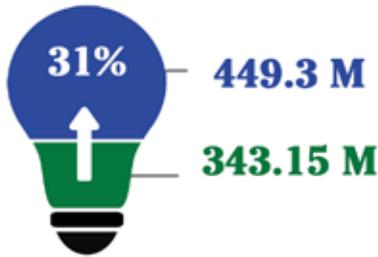
2024/25

2023/24

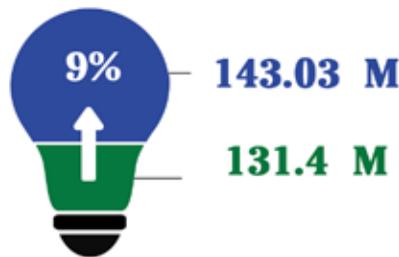


FINANCIAL
HIGHLIGHTS

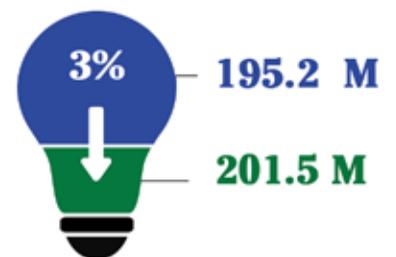
**INSURANCE
REVENUE**



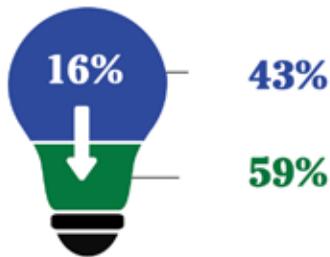
**INSURANCE
SERVICE RESULT**



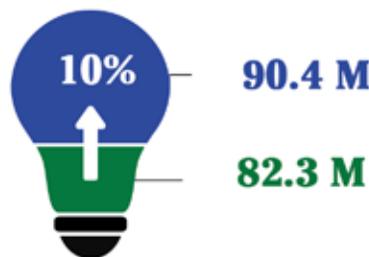
**INSURANCE
SERVICE EXPENSES**



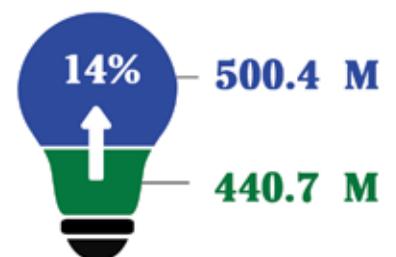
LOSS RATIO



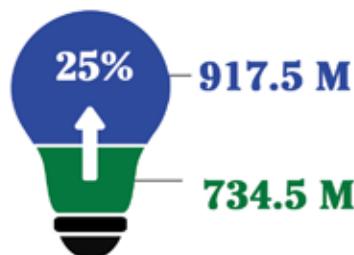
PROFIT/LOSS



TOTAL LIABILITY



TOTAL ASSET



DIRECTORS' REPORT



ANNUAL REPORT BY THE BOARD OF DIRECTORS

On behalf of the Board of Directors, I am pleased to present the integrated Annual Report and the audited financial statements for the fiscal year ended June 30, 2025. This report provides an overview of the company's major activities and achievements for the year 2024/25 as stated with IFRS 17 and 9 reporting standards.

1. ECONOMIC REVIEW FOR 2024/25

1.1. Global Economic Overview in 2024/25

The global economy navigated extreme volatility over the last few years, moving from a 2020 contraction to a strong 2021 recovery, before settling into a more stable but subdued growth period in 2023-2025, with global GDP growth holding at 3.2% in 2024/25 [International Monetary Fund World Economic Update, 2025; World Bank Global Prospects, June 2025, Global Economic Outlook Report, 2024]. This stability comes despite persistent inflation and tight monetary policies, with growth remaining below pre-pandemic averages and vulnerable to trade conflicts and financial vulnerabilities in the non-bank sector [OECD Economic Survey, 2024; Financial Stability Board Report, 2025].

The global financial sector has maintained strong stability and profitability through 2024 and 2025, largely supported by elevated interest rates which expanded net interest margins. Global banking return on equity (ROE) was estimated at 11.7% in 2024, well above historical averages, and profitability is expected to remain stable across 2025. The sector has benefited from robust capital and liquidity buffers put in place by post-crisis regulations, keeping loan impairment rates manageable despite pressures in areas like commercial real estate. The primary shift expected in 2025 is a transition from margin expansion to loan growth as central banks potentially begin to ease monetary policy, with global loan growth forecasted to reach 6% in 2025 [Global Banking Review, 2024; Financial Stability Board Report, 2025; Banking Sector Outlook, 2025; S&P Global Market Intelligence, 2025].

The global insurance industry experienced significant nominal growth in 2024, with total premiums increasing by an estimated 8.6% to reach EUR 7.0 trillion, surpassing the previous year's growth and the fastest rate since before the Global Financial Crisis. The life insurance segment, in particular, saw a 10.4% surge driven by high interest rates which boosted demand for annuities. The outlook for 2025 remains stable with strong solvency positions, though future real premium growth is forecasted to moderate to an average of 2.6% annually for the next two years. Insurers are well-capitalized but face ongoing challenges from high inflation affecting claims costs, climate change risks, and the need to integrate new technologies like AI [Swiss Re Institute sigma report, 2025; Global Insurance Market Study, 2024; Allianz Global Insurance Report, 2025; Fitch Ratings Insurance Outlook, 2025].

1.2. Sub-Saharan Africa Economic Overview in 2024/25

Sub-Saharan Africa’s economic outlook is improving, with growth expected to accelerate relative to the global average and most other regions. Growth is projected to rise from 3.4% in 2023 to 3.8% in 2024 and further to 4.0% by 2025 [International Monetary Fund, April 2024; African Development Bank Economic Outlook, May 2025]. This acceleration is driven by easing inflationary pressures, resilient private consumption, and a weaker US dollar, though growth remains insufficient to significantly reduce poverty [World Bank Africa Pulse, April 2025].

However, the region continues to navigate significant vulnerabilities and challenges. A massive debt burden remains a central concern, with countries spending heavily on debt servicing—projected at \$163 billion in 2024—which crowds out essential development spending [African Development Bank Economic Outlook, May 2025]. While inflation has nearly halved overall and some countries resumed issuing Eurobonds, a dozen nations still face double-digit inflation [International Monetary Fund, April 2024].

The region remains exposed to global shocks, political instability, and climate events. The financial sector, while relatively stable, is often linked to sovereign risk in low-income states, and the insurance sector faces low penetration rates and significant “protection gaps,” particularly concerning climate-related events [World Bank Africa Pulse, April 2025]. Recommended policy priorities include strengthening public finances, ensuring price stability, and implementing structural reforms to diversify funding and economies [International Monetary Fund Regional Economic Outlook, April 2025].

1.3. Ethiopian Economic Overview in 2024/25

Ethiopia’s economic situation in 2024/2025 is marked by resilience and a comprehensive reform agenda, contrasting with varied performance in previous years. Ethiopia’s economic growth for the 2023/24 fiscal year was strong at 8.1%, according to government figures, recovering from earlier figures and exceeding initial expectations [National Bank of Ethiopia, 2024 Annual Report]. This was driven by solid performance in agriculture (7%), industry (9.2%), and services (7.7%). Growth projections for 2024/25 remain robust, with forecasts from the IMF and the government suggesting a rate of around 7.2% to 8.4% [IMF Ethiopia Country Report, 2025]. The services sector has consistently shown resilience, while the manufacturing sector, although improving, has historically lagged.

The country faced significant financial challenges, having defaulted on a USD 33 million Eurobond payment in December 2023. Foreign reserves were critically low, falling below USD 1 billion by September 2023, covering less than two weeks of imports [UNDP, January 2024 Report; National Bank of Ethiopia, 2024 Annual Report]. The Birr remained significantly overvalued, with a vast premium in the parallel market (e.g., 110 Birr/USD parallel vs. 56 Birr/USD official in January 2024). To address this, major exchange rate reforms were launched in July 2024, leading to a more flexible regime. This reform helped double foreign exchange reserves to USD 3.4 billion by November 2024, representing 1.6 months of import cover, and foreign revenues reached a record USD 32.1 billion for FY 2024/25 [National Bank of Ethiopia, Governor’s Statement, Q3 2025].

The fiscal and monetary situation has shown improvement under the reform program. The fiscal deficit decreased to 2.0% of GDP in 2023/24 and is projected to fall further to 1.7% in 2025, a significant reduction from prior years [World Bank Ethiopia Economic Update, April 2025]. Money supply growth slowed sharply from 26.6% annually in June 2023. Inflation, which was over 30% in 2023 and 2024, has started to ease due to conservative monetary policy and better harvests, with headline inflation declining to 11.7% by October 2025 and projected to reach around 10% in the 2025/26 fiscal year [National Bank of Ethiopia, Inflation Report, Q4 2025]. The balance of payments improved significantly in FY 2024/25, supported by a doubling of exports and higher remittances following exchange rate liberalization.

1.4. Ethiopian Insurance Industry Overview in 2024/25

Ethiopia's insurance sector, comprising general and long-term insurance, requires separate licenses for each. By June 2025, the industry included one state-owned and 17 private insurers, with most offering both types and six focused solely on general insurance. A single local reinsurance company operates alongside an expanded network of agents, brokers, and loss assessors, while foreign reinsurers maintain contact offices in Ethiopia [National Bank of Ethiopia, Annual Report 2025; World Bank Ethiopia Economic Update, 2025]. The industry saw total premium growth by nearly 50%, reaching approximately Birr 41.13 billion, with general insurance making up the majority [National Bank of Ethiopia, 2025 Financial Stability Report].

The sector's total assets, liabilities, and capital reached approximately Birr 130 billion, Birr 107.6 billion, and Birr 22.4 billion, respectively [National Bank of Ethiopia, 2025 Financial Stability Report; IMF Ethiopia Country Report, 2025]. General insurance continued to make up over 90% of the market. Life insurance, while still a small portion of the financial sector, saw an increase in premium contributions compared to the previous year [Ethiopian Insurance Corporation, 2025 Data]. Profitability was strong, although specific consolidated figures for pre-tax net income are pending final NBE reports.

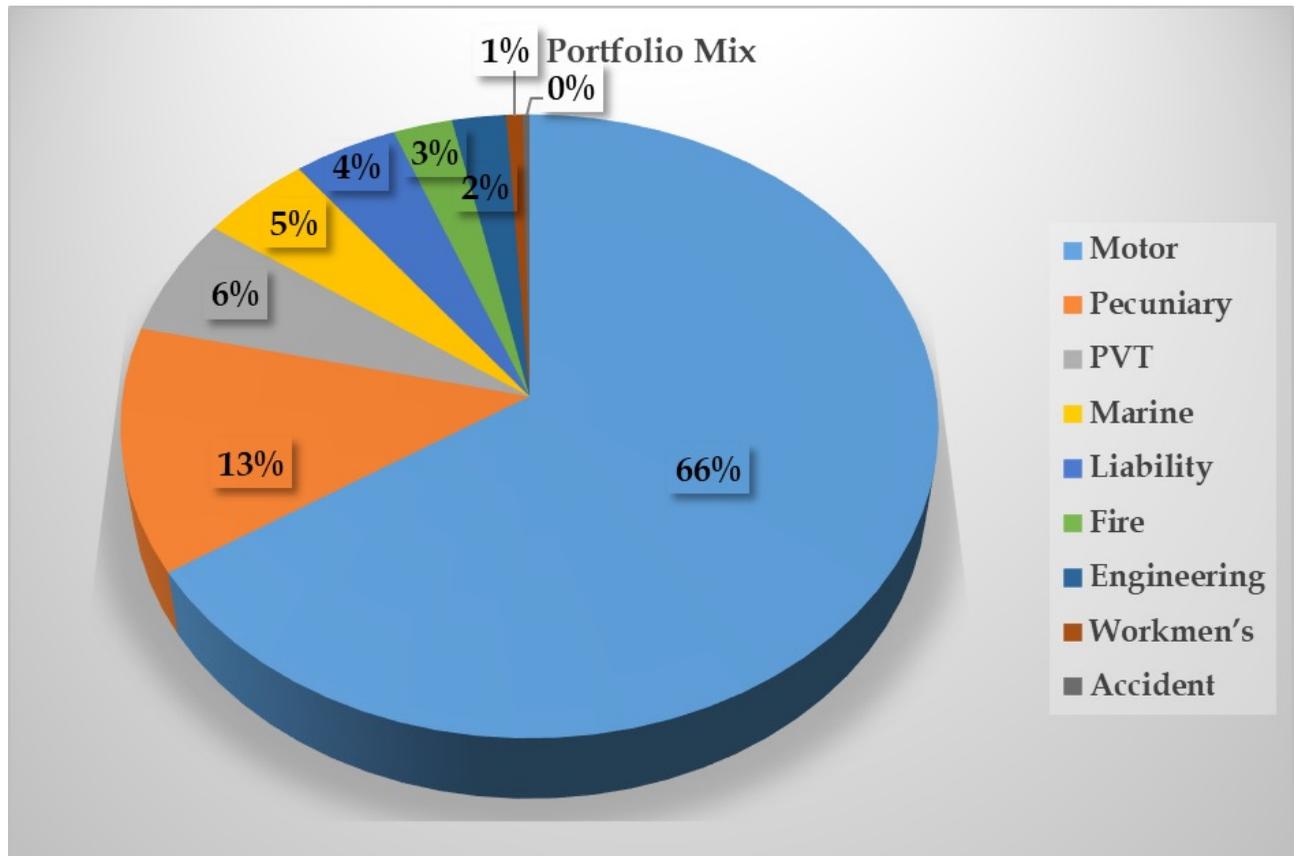
Key metrics indicate stability: capitalization remains strong, well above prudential minimums, while solvency and liquidity ratios are robust [National Bank of Ethiopia, 2025 Financial Stability Report]. Despite strong competition, the sector reached a record Gross Written Premium of Birr 41.4 billion in 2024/25, a significant increase from the Birr 24.4 billion recorded in 2023/24 [National Bank of Ethiopia, Annual Report 2024].

2. OPERATIONAL AND FINANCIAL PERFORMANCE FOR 2024/25

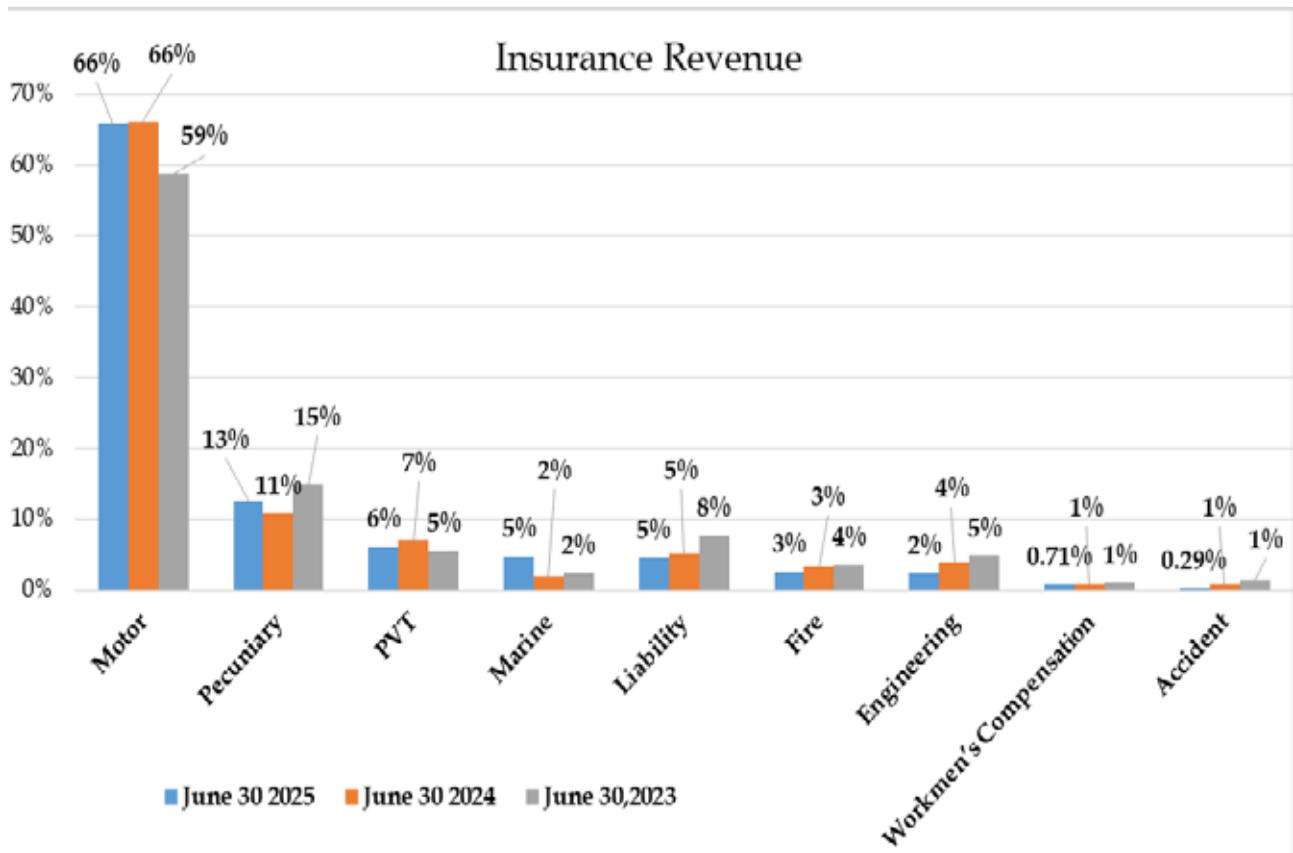
2.1 Insurance Revenue

In the fiscal year 2024/25, the company achieved Insurance revenue of 449,296,740 (net of unearned Premium reserve) across various classes of business. This represents 92% of the budgeted target for the year and marks a 31 % increase from the previous year’s insurance revenue of Birr 343,145,596 an increase of Birr 106,151,144.

The motor class of business contributed 66% of the total Insurance premiumt income, followed by Pecuniary, PVT, Marine, and liability classes with 13%, 6%, and 5%, respectively. The remaining classes of business accounted for 10% of the total Insurance premium income.



The three-year's gross, written premium portfolio mix highlighted a consistent dominance of Motor insurance, which accounted for 66% in 2024/25, 66% in 2023/24, and 65% in 2022/23, underscoring its continued role as the company's primary revenue driver. Other business lines maintained relatively stable but modest shares, with marine contributing around 5% annually, Engineering between 2–3%, and Fire and Burglary showing gradual improvement from 3% to 5% over the period. Pecuniary insurance exhibited a notable increase to 13% in 2024/25 from 11% and 10% in previous years, reflecting rising demand for credit-related covers. Meanwhile, Liability and PVT and Other lines displayed steady growth, each reaching 5% and 6%, respectively 2024/25. Overall, the portfolio mix demonstrates both stability in core segments and measured expansion in emerging lines, reflecting the company's efforts to diversify its premium base while maintaining strength in its flagship Motor segment.



Graph 1: The premium portfolio mixes for three consecutive years

2.2 Loss Ratio

The company incurred insurance service expense as restated with IFRS 17 standards became Birr 195,245,868 as at June 30 2025, with the motor class of business accounting for 96% of these Service expenses and other class of businesses accounted 4%. The Company achieved a significant improvement in underwriting performance, with the overall loss ratio declining to 43% in 2024/25, compared with 59% in the previous year—a notable reduction of 16 percentage points. The improvement reflects strengthened underwriting discipline, enhanced risk selection, and the impact of ongoing claims management initiatives.

Specifically, the motor class, which continues to be the Company’s largest portfolio, recorded a loss ratio of approximately 66% as at 30 June 2025. Overall, net claims incurred amounted to ETB 195.25 million, against net earned premiums of ETB 449.30 million, representing a year-on-year improvement of 3.12% in the Company’s loss ratio performance.

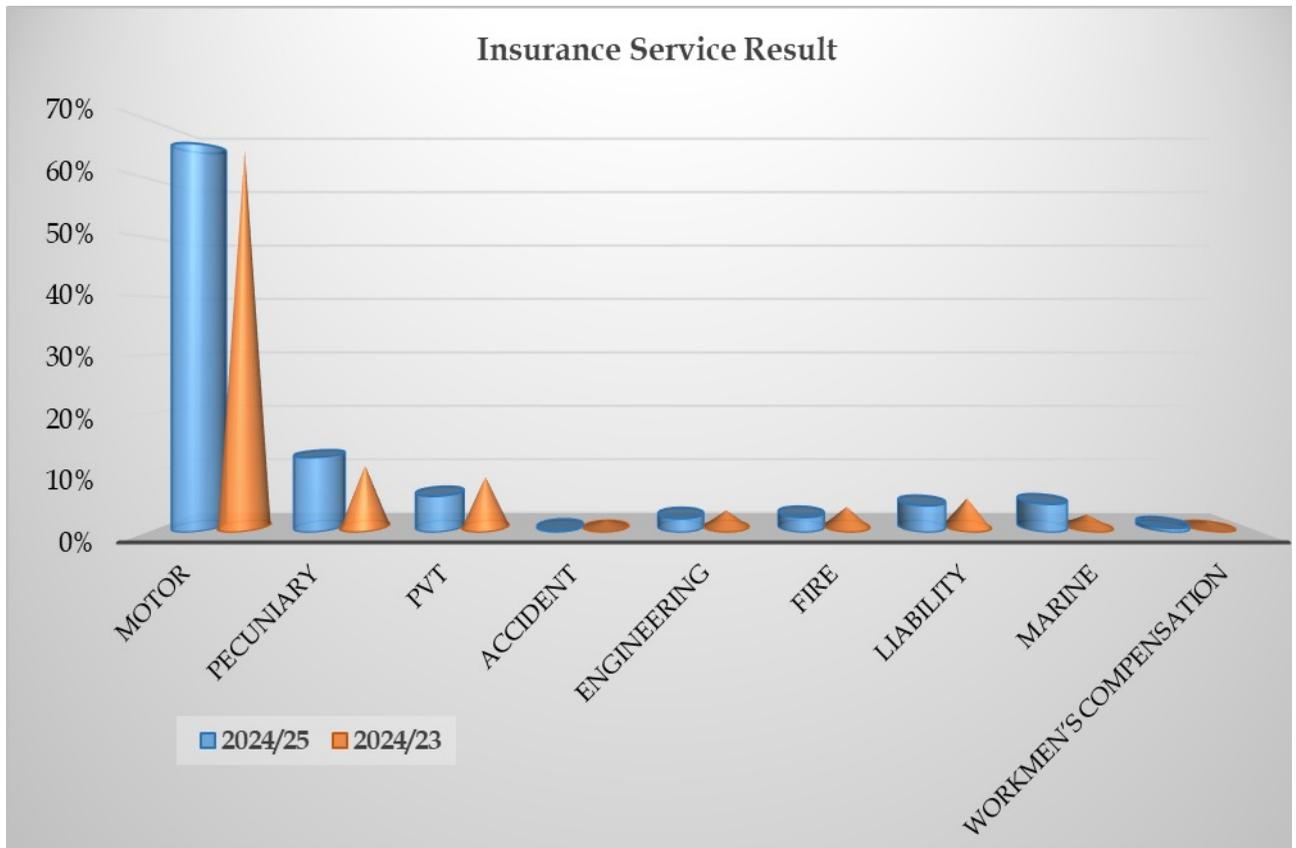
Table 1: Illustrates Comparative Net Loss Ratio by Class of Business for Three Consecutive Years

Class of Business	Actual as of June30, 2025					
	2024/25			2023/24		
	Insurance Service Expense	Insurance Revenue	loss ratio	Insurance Service Expense	Insurance Revenue	loss ratio
Motor	187,427,529.50	296,147,438.83	63%	145,312,068.89	227,119,484.89	64%
Marine	435,857.89	21,557,046.37	2%	(508,694.80)	6,686,313.69	-8%
Engineering	333,531.30	10,555,857.66	3%	13,038,439.34	13,624,491.95	96%
Fire and Burg	417,411.46	11,515,538.41	4%	1,198,475.32	11,277,620.15	11%
Accident and Health	1,201,946.10	1,307,640.78	92%	1,369,753.86	2,650,050.29	52%
Pecuniary	1,874,713.46	57,042,139.44	3%	34,202,271.37	36,895,514.96	93%
Workmen's	743,242.57	3,200,229.41	23%	1,143,361.79	2,803,099.68	41%
Liability	2,774,340.52	20,360,721.42	14%	2,462,740.71	17,713,645.49	14%
PVT	37,294.78	27,610,127.52	0%	3,314,323.02	24,375,374.76	14%
Total	195,245,867.59	449,296,739.84	43%	201,532,739.49	343,145,595.86	59%

2.3 Insurance Service Result

As of 30 June 2025, the Company achieved a total Insurance Service Result (ISR) of ETB 143.03 million, reflecting an increase of ETB 11.66 million or 9% compared with the previous year's result of ETB 131.37 million. This improvement demonstrates the Company's strengthened underwriting performance under IFRS 17, supported by enhanced pricing strategies, risk selection, and portfolio optimization across major classes of business.

In the 2024/25 financial year, pecuniary insurance contributed the largest share of the Insurance Service Result at 13%, Motor at 66%, PVT at 6%, and Marine and Liability, each contributing 5%. Fire, Engineering, Workmen's Compensation, and Accident classes accounted for the remaining share in descending order. The stronger performance in Pecuniary, Motor, and Marine classes notably drove the overall year-on-year growth.



Graph 2: Underwriting surplus contribution by class of business for two consecutive years

2.4 Investment

Through effective cash management and strategic investment practice the company increased its investment income by 30% to birr 53,348,078.59 from the previous year 40,915,941.

According to IFRS 17, the investment income is part of the Profit or Loss and Other Comprehensive income sub section that constitutes additional elements, Finance Income/Expenses from Insurance Contracts and Finance Income/Expense from Reinsurance Contracts, which was measured at Birr 9,964,695 & Birr -280,451 respectively. Therefore, the total Net Investment Income (Net Financial result) for the year ended 30 June 2025 is Birr 63,032,322.33 showing an increase by 46%, or Birr 19,859,499 from last year same period.

2.5 Expenses

In accordance with IFRS 17 reporting standards, 30% of the total general and administrative expenses, amounting to Birr 50,555,306, is attributable to direct operational expenses, while the remaining 70% (Birr 118,197,265) relates to other general and administrative expenses, resulting in total expenses of Birr 168,752,570 for the fiscal year.

The total general and administrative expenses for the fiscal year amounted to Birr 168.8 million, representing a 23% increase, or Birr 31,152,600, compared with the previous year's expenses of Birr 137.6 million. Major expense components included salaries and wages (Birr 67.9 million), employee benefits (Birr 18.4 million), repair and maintenance (Birr 9.5 million), bank service charges (Birr 0.73 million), depreciation (Birr 12 million), rent (Birr 16.5 million), fuel (Birr 9 million), and other administrative expenses (Birr 34.77 million).

2.6 Profit/Loss

For the reporting period ending 30 June 2025, the Company recorded a profit before income tax of ETB 90,405,248, representing an increase of ETB 8,376,496, or 10%, compared with the previous year's profit of ETB 82,028,752. The Company also achieved an underwriting profit (Insurance Service Result) of ETB 143,903,019 during the year, reflecting growth of ETB 11,659,760, or 9%, over the result achieved in 2023/24.

3. STATEMENT OF FINANCIAL POSITION

3.1. Assets

As of 30 June, 2025, the company's total Assets amounted to Birr 917,485,527 as measured by the new IFRS 17 standards. This includes Birr 112,482,685 in cash deposits (net of Expected Credit loss/ECL) Birr 60,205,104 in statutory (net of ECL) deposits, 166,905,958 in equity investment, revalued as per IFRS 13, and requirements of IFRS 9, Birr 40,856,207 for reinsurance Asset, Birr 270,911,125 investments in time deposits. Fixed assets net of accumulated depreciation was valued at Birr 193,380,549, with the remaining balance in other assets.

3.2. Liabilities

The company's total liabilities were measured and are Birr 500,400,460 as of 30 June 2025. Major liabilities include Birr 421,807,960 in Insurance contract liabilities; Birr 6,167,922 represents deferred tax liabilities, Birr 10,979,938 in current tax liabilities, Birr 3,653,374 in defined benefit obligation, and Birr 57,791,266 with the remainder being other current liabilities and accrued expenses.

3.3. Total Equity

As of 30 June 2025, the Company's total equity was restated to ETB 417,085,063, reflecting a 42% increase equivalent to ETB 123,350,936 in shareholders' funds compared with the previous financial year. The equity position comprises ETB 266,907,000 in paid-up capital, ETB 2,109,150 in share premium, ETB 29,534,492 in legal reserves, ETB 53,080,662 in equity revaluation surplus, and ETB 65,196,524 in retained earnings for the fiscal year.

3.4. Dividend Proposal

The Board of Directors proposes capitalizing the income generated for the year in response to the National Bank directive to increase paid-up capital to Birr 400 million by 2027 for conducting General Insurance Business. Shareholders have decided to raise the paid-up capital to Birr 1 billion by 2030.

4. OTHER OPERATIONAL PERFORMANCES

4.1. Human Resources

In the fiscal year 2024/25, the company employed 332 people, consisting of 267 permanent staff, 1 fixed-term contract employee, and 65 outsourced personnel. Of the total workforce, 59% were female and 41% were male. Additionally, 113 staff members received training in insurance operations, finance, customer service, and other areas.

4.2. Marketing and Corporate Planning

During the fiscal year, the Marketing and Corporate Planning Department implemented a range of strategic and operational initiatives designed to drive company's growth and strengthen its performance. The department has undertaken the following activities:

- ▶ Premium Production- As of 30 June 2025, the department sales team achieved remarkable success in revenue generation, recording a total of Birr 9,835,429.5.
- ▶ Recruitment and Development of Sales Force: To strengthen the company's sales network, the department recruited 12 new sales agents, who received comprehensive training before deployment. Additionally, 30 existing agents underwent specialized training to enhance their sales strategies and customer acquisition skills, thereby improving service delivery and supporting business development objectives
- ▶ Expansion through New Branch Offices: In line with the company's growth strategy, the department successfully established six new branch offices in key strategic locations, including three within Addis Ababa and three in outlying areas. All operational licenses for these branches were duly obtained from the National Bank of Ethiopia (NBE), ensuring full regulatory compliance and legal operation in the market.
- ▶ Social and Broadcast Media Promotion- During the reporting year, the Department strengthened its brand visibility and enhanced customer engagement through a comprehensive social and broadcast media strategy. Bi-weekly content—including graphics, scripts, and promotional videos—was produced and shared across major social media platforms such as Facebook, Telegram, Twitter, LinkedIn, and TikTok. In addition to digital outreach, the department executed targeted television and radio advertising campaigns throughout the year. These broadcasts highlighted our key services and included seasonal messages, such as New Year greetings, to reinforce customer connection and goodwill.
- ▶ Event Organization- Significant milestones were achieved in the planning and execution of key events and sales campaign activities during the reporting period. Notable accomplishments included the successful coordination of the 12th Annual General Meeting (AGM) and the Company's active participation in the Ethiopian Financial Forum Exhibition 2025, organized by the National Bank of Ethiopia. These initiatives strengthened stakeholder relations, enhanced brand visibility, and demonstrated the Company's commitment to industry collaboration.
- ▶ Post-Inauguration Activities for Agar Digital Financial Service- Following the launch of the Agar Digital Financial Service, the department undertook several initial implementation tasks to ensure broad visibility and engagement. . These included maintaining consistent updates across all social media platforms, securing extensive media coverage, sending targeted SMS notifications to staff, customers, and shareholders, achieving publication placement in a newspaper, and announcing the service on the radio.
- ▶ Successful Sales Campaigns: the MCPD's active involvement in the Digital Financial Premium Loan sales campaign was marked by collaboration with Kacha and Global Bank, resulting in a remarkable revenue generation of Birr 327,468.75.

- ▶ Preparation of Annual Magazine: The Company’s annual magazine for the 2024/25 budget year has been compiled and distributed to shareholders and other stakeholders.
- ▶ Preparation of Annual Plan and Budget- : In compliance with the regulations of the National Bank of Ethiopia (NBE), the department meticulously prepared and submitted the company’s annual plan and budget for 2025/26 for approval by the Board of Directors. This process reflects our commitment to financial accountability and strategic alignment with regulatory expectations.

commitment to financial accountability and strategic alignment with regulatory expectations.

In conclusion, the initiatives undertaken by the Marketing and Corporate Planning Department, during the year under review, have contributed significantly to our organizational objectives and set a solid foundation for future growth and success.

4.3. ICT Service Activities

In line with the directive of the National Bank of Ethiopia (NBE), the company successfully implemented its core insurance system. Throughout the 2024/25 fiscal year, the ICT Service executed major initiatives to achieve full system deployment and operational readiness. Key accomplishments included:

Infrastructure and Deployment

- ▶ Established the primary data centre at the head office.
- ▶ Installed and configured network infrastructure across all branches.
- ▶ Completed the migration of historical customer data into the new core insurance system.

System Rollout and Go-Live

- ▶ Transitioned all manual processes to the automated core system.
- ▶ Initiated live services for all core departments (Underwriting, Claims, Finance, and Reinsurance).
- ▶ Began live system operations in all branch offices.

Training and Capacity Building

- ▶ Delivered comprehensive training for underwriters and operational staff.
- ▶ Provided strategic orientation and system awareness training for top-level managers and executives.
- ▶ **Launched the first phase of on-the-job training programs to support system adoption.**

Planned Activities for the Upcoming Budget Year

Building on the successful deployment, the upcoming budget year will focus on strengthening business continuity, supporting branch expansion, and accelerating digital transformation.

Enhance Business Continuity

- ▶ Establish a Disaster Recovery (DR) site to improve operational resilience and safeguard critical data.

Support Business Growth

- ▶ Install core network infrastructure for all new branch offices.
- ▶ Implement and deploy the core insurance system for new branches.

Enhance Customer Service Channels

- ▶ Introduce an online claim registration to improve customer experience.
- ▶ Implement an online complaint management system to enhance efficiency and service transparency.

5. CHALLENGES

Although the company achieved profitability during the fiscal year, it faced a number of challenges:

- ▶ Political instability and social unrest in the northern regions disrupted operations at three existing branches.
- ▶ Elevated inflation rates.
- ▶ Increasing costs of repairs and spare parts.
- ▶ Issues related to foreign currency fluctuations.

6. FUTURE STRATEGIC DIRECTIONS

Moving forward, the company aims to:

- ▶ Ensure growth in Gross Written Premium (GWP) while sustaining profitability.
- ▶ Diversify investment activities.
- ▶ Increase the company's paid-up capital.
- ▶ Expand branch network and improve service accessibility.
- ▶ Strengthen the Management Information System and advance digitalization initiatives.
- ▶ Undertake branding and image-enhancement efforts.
- ▶ Reduce controllable costs.
- ▶ Build and nurture strong customer relationships.
- ▶ Develop human capital through continuous training programs.

7. VOTE OF GRATITUDE

The Board of Directors expresses its sincere appreciation to all who contributed to the company's success in FY 2024/25. We are deeply grateful to our loyal customers for their continued trust and support. We also extend our heartfelt thanks to the National Bank of Ethiopia, our founders, shareholders, board members, management team, staff, reinsurers, sales agents, brokers, and all other stakeholders for their steadfast cooperation and commitment.

EXTERNAL AUDITOR'S REPORT



NOVEMBER 2023

DATE	1	2	3	4	5
MON					
TUE					
WED					
THU					
FRI					
SAT					
SUN					



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TMS Plus

Tafesse, Shisema and Ayalew Certified Audit Partnership
Chartered Certified Accountants (UK) and Authorised Auditors (Ethiopia)

Tel. 251-011-8961752 / 011 6180638 Mob. 0911 229425 / 0930 034356 / 0930 034357 Fax: 251-011 662 12 70 / 60
E-mail: tafessef@gmail.com / tafessef@hotmail.com P.O.Box 110690 Addis Ababa - Ethiopia

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LUCY INSURANCE SHARE COMPANY**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lucy Insurance Share Company, which comprise the statement of financial position as at 30 June 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are presented fairly, in all material respects, the financial position of the Company as at 30 June 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Management for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as directors determine 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, Directors are 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 Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Directors are responsible for overseeing the Company's financial reporting process.



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 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.

Report on Other Legal and Regulatory Requirements

We have no comment to make on the report of the board of directors and the proposal for distribution of profit submitted by the directors insofar as it relates to these financial statements and pursuant to Article 349 of the Commercial Code of Ethiopia 1243/2021 and hence, we recommend approval of the financial statements.

Tajshil Ay

Tafesse, Shisema and Ayalaw Certified Audit Partnerships TMS PLUS
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)



Addis Ababa
05 December 2025





26th November 2025

Our Ref: Sites/ Letters/ Letter of Confirmation .odt

Tafesse Shisema and Ayalew Certified Audit Partnership,
Chartered Certified Accountant (UK)
Authorized Auditors (Ethiopia)
P.O. Box 110690.

Addis Ababa, Ethiopia.

Dear Sirs,

**REF : CONFIRMATION OF WORKS UNDERTAKEN FOR LUCY INSURANCE
UNDER THE IFRS 17 IMPLEMENTATION PROJECT**

We refer to the ongoing IFRS 17 implementation and reporting support engagement for Lucy Insurance, for which Actuarial Services (East Africa) Limited (ACTSERV) has been providing actuarial and technical assistance.

This is to confirm that ACTSERV has undertaken the following assignments as part of the IFRS 17 implementation and financial reporting support for the period ended **30th June 2025**:

- a) Liability for Remaining Coverage
- b) Liability for Incurred Claims
- c) Expense Analysis (Attributable and Non-Attributable)
- d) Discounting Implementation
- e) Onerous Contract Provisioning (Loss Component)
- f) Assets for Incurred Claims
- g) Assets for Remaining Coverage

All computations and analyses were performed in accordance with IFRS 17 principles, using the actuarial models and assumptions agreed with management, and form part of the IFRS 17 financial statement conversion for the client.

Should you require any additional information or clarifications, please do not hesitate to contact us.

Yours sincerely

For: Actuarial Services (EA) Ltd

Abed Mureithi

Principal Actuary & Managing Director

LUCY INSURANCE SHARE COMPANY DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE FOR THE YEAR ENDED 30 JUNE 2025

Company registration number

MT/AA/2/0019237/2005

Board of Directors (as of 30 June 2025)

Tesfaye Boru (PhD.)

Ato Getacahw Wolde

Ato Wubeshet Zegeye

Ato Solomon W/Yohannes

Mesfin Tefera

W/roAgar Alemayehu

Ato Temesgen Mekuria

W/ro Emebet Alemayehu

Ato Wende Wedajo

Board Chairperson

V/Chairperson

Director

Director

Director

Director

Director

Director

Director

Executive Management Team (as of 30 June 2025)

Ato Adefris Wesene

Ato Demis Abera

Ato Behailu Kebede

Ato Getachaw Tekle

Ato Mathewos Mogeso

Ato Siyamregn Addis

W/rt Yodit Yimer

Ato Solomon Zelalem

Ato Mikiyas Wondimu

Chief Executive Officer

D/CEO, Operations

Director- Finance & Investment

Director- Claims and Third party recovery

Director- Underwriting & Branch Operations

Director- Human Resources & Logistics

Director- Marketing & Corporate Planing

Manager- Legal Service

Manager-ICT Services

Independent auditor

Tasesse, Shisema and Ayalew Certified Audit Partnership

Chartered Certified Accountants (UK) & Authorised Auditors (Ethiopia)

Addis Ababa,

Ethiopia

Corporate office

Lucy Tower

Haile G/sellaise street,

Addis Ababa,

Ethiopia



Principal Bankers

Debab Global Bank

Awash International Bank

Commercial Bank of Ethiopia



Re-insurers & Brokers

African Reinsurance Corporation (AFRICA RE)

Ethiopian Reinsurance Share Company (ETHIO RE)

ZEP Reinsurance Corporation (PTA)

J.B Boda Reinsurance Brokers

LUCY INSURANCE SHARE COMPANY DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE FOR THE YEAR ENDED 30 JUNE 2025

The directors submit their report together with the financial statements for the year ended 30 June 2025, to the shareholders of Lucy Insurance S.C. This report discloses the financial performance and state of affairs of the

Incorporation and address

Lucy Insurance Share Company (S.C) was incorporated in Ethiopia on 1 October, 2012 as a share company, and is domiciled in Ethiopia. The company was established by a diversified group of shareholders and individual citizens.

Principal activities

The principal activities of the Company is the underwriting of non-life insurance risk

Results and dividends

The Company's results for the year ended 30 June 2025 are set out on page 27. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	30 June 2025	30 June 2024
	Birr'000	Birr '000
Insurance Revenue	449 297	343 146
Profit before income tax	90 405	82 029
Income tax expense	(10 980)	(13 172)
Profit for the year	79 425	68 856
Other comprehensive income net of taxes	-	-
Total comprehensive income for the year	79 425	68 856

Directors

The directors who held office during the year and to the date of this report are set out on page 1.

Chief Executive Officer
 Adefris Wesene



LUCY INSURANCE SHARE COMPANY DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE FOR THE YEAR ENDED 30 JUNE 2025

In accordance with Financial reporting proclamation No. 847/2014, the Accounting and Auditing Board of Ethiopia has directed the Company to prepare financial statements in accordance with International Financial Reporting Standards (IFRS).

The Company's board of directors are responsible for the preparation and fair presentation of these financial statements in conformity with international financial reporting standard and in the manner required by the Commercial Code of Ethiopia of 1960(As amended proclamation No 1243/ 2021), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Company is required keep such records as are necessary to:

- a) exhibit clearly and correctly the state of its affairs;
- b) explain its transactions and financial position; and
- c) enable the National Bank of Ethiopia to determine whether the Insurance company had complied with the provisions of the Insurance Business Proclamation and regulations and directives issued for the implementation of the aforementioned Proclamation.

The board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, Insurance Business Proclamation, Commercial code of 1960(As amended under proclamation No 1243/2021 and the relevant Directives issued by the National Bank of Ethiopia.

The board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The board further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements , as well as adequate systems of internal financial control.

Nothing has come to the attention of the board to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors by:



Tesfaye Boru (PhD)
Chairman, Board of Directors



Adefris Wesene
Chief Executive Officer



LUCY INSURANCE SHARE COMPANY

STATEMENT OF FINANCIAL POSITION

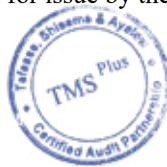
AS AT 30 JUNE 2025

		30 June 2025	30 June 2024
	Notes	Birr '000	Birr '000 (Restated)
ASSETS			
Reinsurance Contract Assets	17	40 856	87 924
Property plant and equipment	15	193 381	186 651
Investment in Bonds & Time deposits	16.2,16.3	331 116	229 308
Investment in Equities	16 1	166 906	112 261
Other assets	18	72 744	22 405
Deferred tax Asset	13b	-	-
Cash and cash equivalents	19	112 483	95 907
Total assets		917 486 -	734 456
LIABILITIES			
Insurance contract liabilities	20	421 808	375 516
Reinsurance contract liabilities	21	-	-
Deferred Tax Payable	13d	6 168	5 387
Current income tax liabilities	13a	10 980	13 172
Other Liabilities	22	57 791	43 861
Defined benefit obligations	23	3 653	2 785
Total liabilities		500 401 -	440 721
EQUITY			
Share capital	25	266 907	205 401
Share premium	26	2 109	1 999
Retained earnings	27	65 196	50 315
Legal reserve	28	29 534	21 592
Other reserve	29	257	231
Revaluation Reserve Equities-OCI	16 1	53 081	14 196
Total equity		417 085 -	293 734
Total equity and liabilities		917 486 -	734 456

The notes to the financial statements on page 10 to 56 are integral part of the financial statements.

The financial statements and notes were approved and authorised for issue by the board of directors on December 4, 2025 and were signed on its behalf by

Tesfaye Boru (PhD)
Chairman, Board of Directors



Adefris Wesene
Chief Executive Officer

LUCY INSURANCE SHARE COMPANY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Notes	30 June 2025 Birr '000	30 June 2024 Birr'000 (Restated)
Insurance Revenue	5	449,297	343,146
Insurance Service Expense	6	(195,246)	(201,533)
Net premium income		254,051	141,613
Net Expenses From Reinsurance Contracts Held	7	(111,016)	10,238
Insurance Service Result		143,034	131,375
Net Investment Income	10	53,348	40,916
Finance Income/Expenses From Insurance Contracts	8	9,965	3,958
Finance Income/Expense From Reinsurance Contracts	8.1	(280)	(1,830)
Net Financial Result		63,032	43,044
Other income	11	1,822	4,884
Other operating expense	11	(118,197)	(96,320)
Impairment losses (or reversal) on financial assets	9.1	713	(953)
Total Expenses		(115,661)	(92,389)
Profit before income tax	13a	90,405	82,029
Income tax expense	13a	(10,980)	(13,172)
Profit for the Year		79,425	68,856
Other comprehensive income			
Items that will not be subsequently reclassified into profit or loss:		-	-
Remeasurement gain/(loss) on retirement benefits obligations		-	-
Deferred tax (liability)/asset on remeasurement gain or loss		-	-
Total comprehensive income for the year		79,425	68,856
Weighted average number of share out standing during the year	14	262,263	201,272
Basic Earning Per Share		303	342
		30%	34%

The notes to the financial statements on page 10 to 56 are integral part of the financial statements.

LUCY INSURANCE SHARE COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

Notes	Share Capital Birr'000	Share Premium Birr'000	Retained Earnings Birr'000	Legal Reserve Birr'000	Other Reserve Birr'000	OCI-Equity Investment	Total Birr'000
As at 1 July 2023	160,210	1,950	37,158	14,816	-	12,529	226,663
Profit for the year	-	-	67,761	-	-	-	67,761
Transfer to legal reserve	-	-	(6,776)	6,776	-	-	-
Transfer to directors fees payable	27	-	-	-	-	-	-
Proceeds from issue of shares	45,191	49	-	-	-	-	45,240
Prior year adjustments	25	-	(878)	-	-	-	(878)
Dividends declared and paid	-	-	(39,778)	-	-	-	(39,778)
Other comprehensive income	27	-	-	-	-	-	-
Re-measurement gains on defined benefit plans (net of tax)	-	-	(4,287)	-	231	-	(4,056)
Equity Revaluation Reserve	-	-	(2,885)	-	-	1667	(1,218)
Total comprehensive income for the year	-	-	-	-	-	-	-
As at 30 June 2024	205,401	1,999	50,315	21,592	231	14,196	293,734
As at 01 July 2024	205,401	1,999	50,315	21,592	231	14,196	293,734
Profit for the year	-	-	79,425	-	-	-	79,425
Transfer to legal reserve	-	-	(7,943)	7,943	-	-	-
Proceeds from issue of shares	27	61,506	110	-	-	-	61,616
Prior year adjustments on tax expense	-	-	878	-	-	-	878
Dividends declared and paid	25	-	(56,698)	-	-	-	(56,698)
Other comprehensive income	27	-	-	-	-	-	-
Re-measurement gains on defined benefit plans (net of tax)	27	-	-	-	26	-	26
Deferred tax (liability) / asset	-	-	(781)	-	-	-	(781)
Equity Revaluation Reserve	14	-	-	-	-	38,885	38,885
Board Directors share remunerations	-	-	-	-	-	-	-
As at 30 June 2025	266,907	2,109	65,196	29,535	257	53,081	417,085



LUCY INSURANCE SHARE COMPANY STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

		30 June 2025 Birr '000	30 June 2024 Birr '000
Cash flows from operating activities			
Cash generated from operations	31 1	53 913	68 677
Proceeds from disposal of assets		-	4 732
Interest Income	10	(39 199)	(25 177)
Dividend Income	10	(14 149)	(14 068)
Income tax paid		11 392	1 897
Net cash (outflow)/inflow from operating activities		11 957	36 062
Cash flows from investing activities			
Purchase of investment securities		(15 760)	(14 069)
Purchase of property, plant and equipment		(17 933)	(26 445)
Interest Received		39 199	25 177
Dividends earned		14 149	14 069
Net cash (outflow)/inflow from investing activities		19 655	(1 268)
Cash flows from financing activities			
Increase in restricted deposits	16 3	(19 955)	(11 080)
Proceeds from issues of shares	25	61 506	45 191
Increase in share premium	26	110	49
Dividends paid	27	(56 698)	(39 778)
Net cash (outflow)/inflow from financing activities		(15 037) -	(5 618)
Net increase/(decrease) in cash and cash equivalents		16 575	29 176
Cash and cash equivalents at the beginning of the year		95 907	66 731
			95 907
Cash and cash equivalents at the end of the year		112 483	95 907

The notes to the financial statements on page 10 to 56 are integral part of the financial statements.



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1 General information

Lucy Insurance Share Company ("the Company") is a private commercial Insurance Company domiciled in Ethiopia. The Company was established in 2020, in accordance with proclamation No. 746/2012 and the Commercial code of Ethiopia of 1960(As amended under proclamation no 1243/2021). The Company has been licensed by the National bank of Ethiopia, the licensing body of Banks, Insurance and other Financial Institutions as per the power vested to it through Proclamation No 591/2008 , the National Bank of Ethiopia Establishment (as amended) Proclamation. The registered office is at:

Lucy Insurance Share
Haile G/sellasie Road, Lucy Tower
Addis Ababa,
Ethiopia

The company is principally engaged in the business of general insurance activities. Such services include provision of non life insurance services for both corporate and individual customers.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1.1 Statement issued but not yet effective

2.1.1 Standards Issued but Not Yet Effective

The International Accounting Standards Board (IASB) has issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted.

The new standard introduces significant changes to the presentation of the statement of profit or loss, including:

- Mandatory subtotals such as operating profit and profit before financing and income taxes.
- Classification of income and expenses into defined categories (operating, investing, financing).
- Enhanced disclosure requirements for management-defined performance measures (MPMs), including reconciliations to IFRS totals.
- Principles for aggregation and disaggregation to improve clarity and comparability.

The Group has not early adopted IFRS 18. Management is currently assessing the impact of the new standard on the Group's financial statements. The most significant expected changes relate to the presentation of the statement of profit or loss and the disclosure of performance measures.presentation of Financial Statements. IFRS 18 is effective for annual reporting period beginning on or after 1 January 2027, with early application permitted.

2.1.2 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management Note 4.7
- Financial risk management and policies Note 4.3
- Sensitivity analyses disclosures Note 4.2

2.1.3 Judgements

a Operating lease commitments -Company as lessee

The Company has entered into commercial property leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

b Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.2 Basis of preparation

The financial statements for the year ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept except for financial assets which are measured at amortized cost and in accordance with IFRS 17 insurance contract modified as appropriate to comply with IFRS frame work. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in Ethiopian Birr.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The management have no doubt that the Company would remain in existence after 12 months.

LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2.4 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept except for available for sale financial assets which are measured at fair value. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr' 000).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.5 Changes in accounting policies and disclosures

New standards, interpretations and amendments adopted 1 July 2022

Standard and Interpretation		Date issued By IASB	Effective date beginning or after
Amendment to IFRS 9, IFRS 17	Annual improvement to IFRS Standards 2018-2020	14 May 20	1 Jul 22
IFRS 9	Financial Instrument	1 Jul 14	1 Jul 23
IFRS 17	the principles for the recognition, measurement, presentation and disclosure of insurance contracts with in the scope of the standard. The objectives of IFRS 17 is to ensure that an entity provider's relevant information that faithfully represents those contracts. This information gives the basis for users of financial statements to assesses the effect that insurance contracts have on the entities financial position, financial performance and cash flows.	06/20	1 Jul 23

New Standards, amendments, interpretations issued & effective.

2.5.1 IFRS 17 Transition Adjustment

The measurement of the Company's liability for the IFRS 17 transition resulting from the insurance contracts that it issues requires a significant use of estimates and judgments. The Company estimates the IFRS 17 transition insurance contract obligations, taking into account the contract's fulfillment cash flows. *The Company has applied the full retrospective approach on transition to all short-term insurance contracts in force at the transition date.* All Company's of insurance and Reinsurance contracts for which the full retrospective approach was impracticable-modified retrospective approach was adopted. This involves making assumptions about future claim payments, premium income, and discount rates.

The measurement adjustments (transitional adjustments) relate to the following:

Discounting, which include present value of liability for incurred claims, representing the time value of money for claims expected to be settled in periods longer than one year.

Transition policy

The Company shall apply IFRS 17 retrospectively using the full retrospective approach.

On transition to IFRS 17, the Company applied the full retrospective approach unless impracticable to do so in which it applied the modified retrospective approach.



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

At 1 July 2022 Company of risk on transition to IFRS 17 are identified and

The modified retrospective approach entails that the Company has tried its best to achieve the closest outcome to full retrospective application possible using reasonable and supportable information available without undue cost or effort. Accordingly, in adopting this approach, the entity has used reasonable and supportable information. The Company has maximized the use of information that would have been used to apply a fully retrospective approach, but has only used information available to the Company without undue cost or effort.

(a) Contracts existing at transition date.

On transition date, 1 July 2023, the Company:

- Has identified, recognized and measured each Company of insurance contracts as if IFRS 17 had always applied (unless impracticable).
- Has identified, recognized and measured assets for insurance acquisition cash flows as if IFRS 17 had always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognized any existing balances that would not exist had IFRS 17 always applied.
- Recognized any resulting net difference in equity.

In determining the appropriate transition approach, the following were considered:

- the coverage period of the in-force policies
- the availability of historical data and assumptions driving measurement and the ability to obtain these without undue cost and effort.

(b) Transition adjustments

The Company has adopted IFRS 17 Insurance contracts from 1 July 2023 and comparatives have been retrospectively restated from the transition date of 1 July 2022. A restated opening statement of financial position and statement of comprehensive income have been included to reflect the transition from IFRS 4 to IFRS 17 and to indicate the impact of the adoption on the Company's financials.

2.5.2 Fulfillment Cash Flows

In estimating its liabilities and assets as it relates to insurance and reinsurance contracts, the Company makes significant assumptions relating to the future cash flows that will arise from fulfilling insurance contracts, considering variables such as claims experience, lapses, and policyholder behavior. These estimates require judgment and are influenced by historical data and actuarial projections.

2.5.3 Changes to Classification and Measurement

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

The company being engaged in insurance business classifies its contracts into insurance contracts and reinsurance contracts.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the **Premium Allocation Approach (PAA)**.

The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized as revenue for insurance services provided.

Measurement of the liability for remaining coverage involves an explicit inclusion of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component.

Measurement of the liability for incurred claims is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability for incurred claims includes the Group's obligation to pay other incurred insurance expenses.

The liability for remaining coverage and liability for incurred claims are presented separately for insurance contracts issued and reinsurance contracts held.



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2.5.4 Basis of measurement

The financial statements are prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss;
- Financial assets classified as FVOCI which are measured at fair value through other comprehensive income;
- Financial assets which are measured at amortized costs.
- In accordance with IFRS17 Insurance contracts, the Company has applied existing accounting policies for its General Insurance contracts, modified as appropriate to comply with the IFRS framework.

2.5.5 Changes to Presentation and Disclosure

For presentation of statement of financial position for the year, the Company aggregates insurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolio of insurance issued that are assets.
- Portfolio of insurance issued that are liabilities.
- Portfolio of reinsurance contracts held that are assets.
- Portfolio of reinsurance contracts held that are liabilities.

The portfolio referred to above are those established at initial recognition in accordance with IFRS 17 requirements.

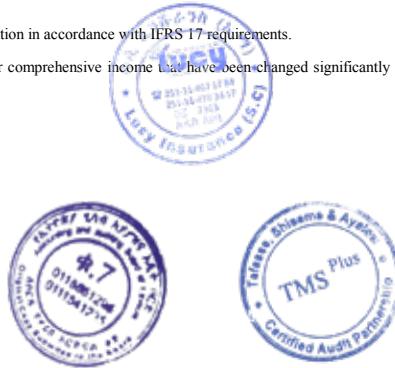
The line-item description in the statement of profit or loss and other comprehensive income (i.e. have been changed significantly compared with the last year are as follows:

Previously Reported Under IFRS 4:

- Gross premiums written.
- Net earned premiums.
- Gross claims incurred and policyholder benefits expenses.
- Net claims and benefits

Instead, IFRS 17 requires a separate presentation of:

- *Insurance revenue
- *Insurance service expenses
- *Net Expenses From reinsurance Contracts Held
- *Finance Expenses from Insurance Contracts
- *Finance Expenses from Reinsurance Contracts
- *Insurance and Reinsurance Contracts



2.6 Definition and Classification of Insurance contracts

Insurance contracts are contracts under which the Company accepts significant insurance risk from an insurer by agreeing to compensate the insurer if a specified uncertain future event adversely affects the insurer.

The Company issues non-life insurance to individuals and commercial businesses. Non-life insurance products offered include Motor, Property, Marine, Bond, Engineering, fire and General Accident. These products offer financial protection to policyholder's assets and indemnification of other parties against financial loss prompted by the action of the policyholder.

The Company accounts for these contracts applying the principles underlying International Financial Reporting Standard (IFRS17) Insurance Contracts and other relevant accounting standards issued by the International Accounting Standards Board (IASB). The Company also holds appropriate types of reinsurance contracts to mitigate risk exposure, including: proportional and non-proportional facultative arrangements.

In making this assessment, all substantive rights, and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (i.e. if there is scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Company uses reinsurance agreements, to reduce its exposure to risks assumed, to increase its aggregate underwriting capacity. The ceding of risk to reinsurer does not relieve the Company from its direct obligations to its insured.

Insurance policies sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder's finances.

The Company's accounting and financial assessment are made on a cohort basis and on a contract-by-contract basis at the contract issue date. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

The Company does not issue any life insurance contracts or any life insurance contracts with direct participating features or any contract of insurance with investment component. The Company issues only non-life (General Business) insurance to individuals and commercial businesses.

The Company does not write any investment contract with discretionary participation features or reinsurance contracts with direct participation features.

LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2.6.1 Level of aggregation

Under IFRS 17 the Company determines a granular Companying of individual contracts for the purpose of measuring insurance contract liability and in the recognition of profitability. The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In Companying insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labeling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. The Company's insurance contracts portfolios are disaggregated into annual cohorts or cohorts of periods that are not more than one year apart. Limiting Company's to contracts issued within one year or less apart improves the transparency of profitability to be reported in the Company's set of financial statements.

Each portfolio is subdivided into Company's of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

2.6.2 Onerous Contracts

If at any time during the coverage period, facts and *circumstances indicate that a Company of insurance contracts is onerous, then the Company determines the loss component and recognizes the loss immediately*. The Company considers an insurance contract to be onerous if the expected fulfillment cash flows allocated to the contract, less any previously recognized acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

The Company conducts the onerous assessment on a portfolio level by assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are Companyed together and such Company's are measured and presented separately. Once contracts are allocated to a Company, they are not re-allocated to another Company, unless they are substantively modified.

For contracts that are measured under PAA, the assumption is that there are no onerous contracts at initial recognition, unless facts and circumstances indicate otherwise. If the measurement of the LIC results in a loss-making Company, this does not translate to the LRC being onerous. In this case, the Company will be assessed as to whether its LRC will be similar to the incurred experience and hence considered to be onerous. For example, actions taken to improve profitability on the bond portfolio which is loss-making (in 2023) may indicate that the LRC will have a different loss experience.

If facts and circumstances indicate that a Company of contracts is onerous during the coverage period, the onerous liability is calculated as the difference between:

- (a) the carrying amount of the liability for remaining coverage; and
- (b) the FCF that relates to remaining coverage similar to what is needed under the GMM. This difference is recognized as a loss and shall increase the liability for remaining coverage.

2.6.3 Modification and Derecognition

The Company derecognizes the original contract and recognizes the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

If the modified terms were included at contract inception and the Company would have concluded that the modified contract:

Is outside of the scope of IFRS 17

- * Results in a different insurance contract due to separating components from the host contract
- * Results in a substantially different contract boundary
- * Would be included in a different Company of contracts.
- * The original contract met the definition of an insurance contract with direct participating features, but the modified contract no longer meets the definition.
- * The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

If the contract modification meets any of the conditions, the company performs all assessments applicable at initial recognition, derecognizes the original contract and recognizes the new modified contract as if it was entered for the first time.

The Company derecognizes an insurance contract when, and only when the contract is:

- Extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled)
- Modified and the derecognition criteria are met.

When the Company derecognizes an insurance contract from within a Company of contracts, it:

- Adjusts the fulfillment cash flows allocated to the Company to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognized from the Company.

When the Company transfers an insurance contract to a third party and that results in derecognition, the Company adjusts the CSM of the Company from which the contract has been derecognized for the difference between the change in the carrying amount of the Company caused by the derecognized fulfillment cash flows and the premium charged by the third party for the transfer.

When the Company derecognizes an insurance contract due to modification, it derecognizes the original insurance contract and recognizes a new one.



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2.6.4 Recognition

The Company recognizes groups of insurance contracts it issues from the earliest of the

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstance indicate that the group is onerous.

The Company recognizes a group of reinsurance contracts held, it has entered into, from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held.
- The date the company recognizes an onerous group of underlying reinsurance contracts held at or before that date.

2.6.5 Contract Boundary

The Company includes in the measurement of a group of insurance contract all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel policy holders to pay the premiums, or in which the Company has a substantive obligation to provide insurance contract services ends when:

The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of the benefits that fully reflects those risks;

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as result, can set a price or level of benefits that fully reflects the risks of that portfolio,
- The pricing of the premiums up to the date when risks are assessed does not take into account the risks that relate to periods after reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognized. Such amounts relate to future insurance contracts.

2.6.6 Insurance Contracts Initial Measurement

The Company applies the premium allocation approach (PAA) to all the insurance

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Company has done Simple PAA Eligibility test to check the proportion of the premium of these contracts compared to the entire premium.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for the remaining coverage as follows:

- The premiums. If any, received at initial recognition,
- Minus any insurance acquisition cashflow at the date
- Plus or minus any amount arising from the de-recognition at the date of the asset recognized for insurance acquisition cashflow and
- Any other assets or liability previously recognized for cashflow related to the group of contracts that Company pays or receives before the group of insurance contracts recognized.

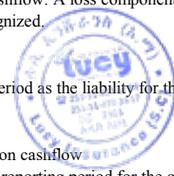
Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if net outflows is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfillment cashflow. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognized.

2.6.7 Subsequent Measurement

The Company measures the carrying amount of the liability for the remaining coverage at the end of each reporting period as the liability for the remaining

- Plus premiums received in the period
- Minus insurance acquisition cashflow
- Plus or minus any amount arising from the de-recognition at that date of the asset recognized for insurance acquisition cashflow
- Plus any amounts relating to the amortization of the insurance acquisition cashflow recognized as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognized as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfillment cashflow related to incurred claims. The fulfillment cashflow incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cashflow, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (risk adjustment).



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

(a) Initial Measurement-Premium Allocation Approach (PAA)

At initial recognition, the Company measures the carrying amount of the liability for remaining coverage (LRC) as the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the Company of contracts at that date, and adjusted for any amount arising from derecognition of any assets or liabilities previously recognized for cash flows related to the Company (including assets for insurance acquisition cash flows). The Company has not chosen to expense insurance acquisition cash flows when they are incurred. Subsequently, the carrying amount of the LRC is increased by any premiums received and the amortization of insurance acquisition cash flows recognized as expenses and decreased by amount recognized as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition the Company expects that the time between providing part of the services and the related premium due date is not more than a year.

(b) Subsequent Measurement-Premium Allocation Approach (PAA)

In estimating the total future fulfillment cash flows, the Company distinguishes between those relating to already incurred claims and those relating to future service. At the end of each reporting period, the carrying amount of the Company of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

2.6.8 PAA Eligibility Calculation and Materiality

The Company determine that its businesses satisfies the criteria for adopting the use of the simplified measurement model(PAA) as follows:

- (a) That such simplification would produce a measurement of the liability for remaining coverage that would not differ materially from that produced applying the General Model; or
- (b) That the coverage period of each contract in the Company is one year or less.

In determining the level of materiality, the Company has taken a view that if the total volume of premiums in a cohort of contracts with coverage period of more than one year is less than 10%, then this would be deemed as immaterial and hence using the sampled measurement model (PAA) is justifiable .

2.6.9 Liability for Remaining Coverage (LRC)

The LRC represents the Company’s obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided (i.e. provision of investment-return and investment-related services) and investment components and other amounts not related to insurance contract services that have not yet been transferred to the LIC.



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for its non-life policies with a coverage period of one year or less.

The Company measures the liability for remaining coverage at each subsequent reporting

- (a) Previous carrying amount,
- (b) Premium received in the period
- (c) Amortization of insurance acquisition cash flows Less:
- (d) Capitalized insurance acquisition cash flows
- (e) insurance revenue recognized and
- (f) investment paid or transferred to the liability for incurred claims

2.6.10 Liability for Incurred claims

The LIC includes the Company's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Company's liability to pay amounts the Company is obliged to pay the policyholder under the contract. This includes repayment of investment components, when a contract is derecognized. The current estimate of LIC comprises the fulfillment cash flows related to current and past service allocated to the Company at the reporting date.

For those claims that the Company expects to be paid within one year or less from the date of occurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks. However, claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognized.

2.7 Reinsurance Contracts

2.7.1 Initial Measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognizes a loss on initial recognition of an onerous contract group of underlying reinsurance contracts or when further underlying onerous reinsurance contracts are added to a group, the Company establishes a loss -recovery component of the asset for the remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognized on the underlying insurance contracts and the percentage of Reinsurance UPR on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held

2.7.2 Subsequent Measurement

The subsequent measurement of reinsurance contracts held follows the same principle as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

2.7.3 Modification & De-recognition

The Company de-recognizes insurance contract when:

- The rights and obligations relating to the contract are extinguished (i.e. discharged, canceled or expired), or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company de-recognizes the initial contract and recognizes the modified contract as a new contract.

2.7.4 Insurance Acquisition Cashflow

The Company chooses to amortize acquisition cash flows over the contracts' coverage period, provided that the coverage period of each contract in the Company at initial recognition is no more than one year. The Company includes insurance acquisition cash flows in the measurement of a Company of insurance contracts if they are directly attributable to either the individual contracts in a Company, the Company itself or the portfolio of insurance contracts to which the Company belongs.

The Company estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the Company but directly attributable to the portfolio. The Company then allocates them to the Company of newly written and renewed contracts on a systematic and rational basis.

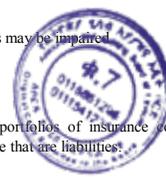
The Company applies judgments in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to Company's of insurance contracts. This includes judgments about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to Company's including future renewals and the volume of expected renewals from new contracts issued in the period.

In the current and prior years, the Company did not allocate any insurance acquisition cash flows to future Company's of insurance contracts, as it did not expect any renewal contracts to arise from new contracts issued in the period.

In the current and prior year, the Company did not identify any facts and circumstances indicating that the assets may be impaired.

2.7.5 PRESENTATION

The Company has presented separately in the Company's statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities.



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

The Company disaggregates the amounts recognized in the consolidated statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total: net insurance and investment result, which also includes the income from all the assets backing the Company's insurance liabilities.

The Company includes any assets for insurance acquisition cash flows recognized before the corresponding Company's of insurance contracts are recognized in the carrying amount of the related portfolios of insurance contracts issued.

The Company dis-aggregates amounts recognized in the statement of profit or loss and OCI into:

A insurance service result, comprising insurance revenue and insurance service expenses; and insurance finance income or expenses.

Income and expenses from insurance contracts are presented separately from income and expenses from insurance contracts

Income and expenses from reinsurance contracts, other than reinsurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the reinsurance service result.

The Company does not disaggregated changes in the risk adjustment for non- financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

2.8 Insurance revenue

When applying the PAA, the Company recognizes insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service.

At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognized on the basis of passage of time.

2.9 Insurance service expenses

Insurance service expenses arising from insurance contracts issued are recognized in the profit or loss generally as they are incurred. The company's insurance expenses comprises:

- Incurred claims and other insurance service expenses Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components.(if any)
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
- Other directly attributable insurance service expenses incurred in the period. This includes technical salaries and wages and 30% of other administrative expenses.
- Amortization of insurance acquisition cash flows, which is recognized at the same amount in both insurance service expenses and insurance contract revenue.
- Loss component of onerous Company's of contracts initially recognized in the period.

Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2.10 Net Income Or Expenses From reinsurance Contracts Held

The Company presents separately on the face of statement of profit and loss, the amounts expected to be recovered from insurers, net of allocation of the insurance premiums paid.

Insurance Finance Income And Expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

Future Cash flows Flow (FCF) and comprising the Present Value of Future Cash Flow (PVFC) with an appropriate discount rate.

The Company presents income or expenses from a Company of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from
- An allocation of the premiums

The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The Company establishes a loss recovery component of the asset for the remaining coverage for a Company of reinsurance contracts held. This depicts the recovery of losses recognized on the initial recognition of an onerous Company of underlying insurance contracts or on addition of onerous underlying insurance contracts to a Company. The loss recovery component is then adjusted to reflect:

- Reversals of loss recovery component to the extent those reversals are not changes in the fulfillment cash flows of the Company of reinsurance contracts held.
- Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses.

a Insurance finance income and

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a Company of insurance contracts and a Company of reinsurance contracts held.

b The presentation for insurance finance income and expenses

The Company has an accounting policy choice to present all the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). When considering the choice of presentation of insurance finance income or expenses, the Company examines the assets held for that portfolio and how they are accounted for.

Currently the Company present all the period's insurance finance income or expenses in the profit or loss. The Company does not write participating contracts and does need to reassess its accounting policy choice in respect of such policies.

Discount Rate

In line with IFRS17(59) (B), IAS8(36) the Company adjusts the measurement of the liability for incurred claims(LIC) for the impact of the time value of money and other financial risk of the claims not settled within 12 months, time value of money is measured separately from expected future cash flows with changes in financial risks recognized in profit or loss at the end of each reporting period and the Company has elected an accounting policy to present the time value of money separately in profit or loss and other comprehensive income. The Company measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g., credit risk).

For all insurance contracts the Company agrees to adopt the Premium allocation approach in which determined interest rate (locked in rate) is used to calculate the present value of future cash flows at the date of initial recognition of the Company of insurance contracts in line with IFRS17 Para B72b. The locked -in interest rates is used for accreting interest rate accruing on the value of the contracts at initial recognition and loss components changes as a result of changes in Fulfillment Cash flow(FCF) that relate to future years service .



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

To derive the current discount rates which are judged to be used for the contracts cash flows, the Company uses discount rates starting from a risk-free rate of assets (high quality bonds) with similar characteristics as the underlining liability cash flows plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid Government Bonds.

Under this approach, this discount rate determined is the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cashflow (known as illiquidity premiums).

2.11 Risk adjustment(RA) for non-financial risk

The risk adjustment measures the compensation the Company would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than those relating to financial risk. The Company chooses a technique which aligns with the principles of risk adjustment and disclose significant judgments which has been made in determining the risk adjustment and the equivalent confidence level utilized. The Company has enhanced prompt claim settlement except when circumstances warranted such delay. Amount recoverable from risk adjustment is recognized in the financial statement.

For the purposes of the financials, value at risk approach was adopted in determining the risk adjustment margin. A confidence level of the 75th percentile was adopted.

2.12 IFRS 17 requires entities to measure reinsurance contracts at initial recognition as the sum of the following items:

- Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate
- Risk Adjustment (RA) for non-financial risk.

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cashflow that arises from non-financial risk.

Derivation of the Risk Adjustment

The Company has determined that the derivation of the risk adjustment shall be performed at the operating level using an appropriate methodology that is in line with IFRS17 guidelines.

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated Value at Risk Method.

The Company applies judgment to determine the appropriate Risk Adjustment based on the non-financial risks associated with their portfolios of insurance and reinsurance contracts to determine the desired Risk Adjustments.

The Company will set confidence level in the range of the 60th to 90th percentile.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The above are the new standards and interpretation that have been issued, mandatory for the financial year ended June 30, 2024. They have been adopted in preparing the financial statements for the year ended 30 June 2024. In terms of international financial reporting standards, the company is required to include in its financial statements disclosure about the future impact of standards and interpretation issued and effective at reporting date.

At the authorization of the financial statement of Lucy Insurance Share Company for the year ended 30 June 2024, the following standards and interpretation have been effective.

All standards and Interpretations will be adopted at their effective date except for those standards and interpretations that are not applicable to the company.

2.13 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency and presentation currency of the Company is the Ethiopian Birr (Birr).

b) Transactions and balances

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2.14 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Useful life (years)	Residual Value
Building and land improvements	50	5
Motor vehicles	10	5
Furniture and fittings	10	1
Computer and accessories	7	1
Office Equipments	7	1
Intangible software	8	

The Company commences depreciation when the asset is available for use.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.15 STATUTORY DEPOSIT

Statutory deposit represents 15% of the paid up capital of the Company deposited with the National bank of Ethiopia. In pursuant to Insurance proclamation 746/2012 Article 20. Statutory deposit is measured at cost.

2.16 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

2.16.1 Intangible assets (Contd)

Deferred policy acquisition costs (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalized as an intangible asset (DAC). Deferred acquisition costs represents a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. All other costs are recognized as expenses when incurred.

Subsequent to initial recognition, this DAC asset is amortized over the expected life of the contracts as a constant percentage of expected premiums. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method and are treated as a change in an accounting estimate.

The pattern of expected profit margins is based on historical and anticipated future experience and is updated at the end of each accounting period. DACs are derecognized when the related contracts are either settled or disposed off.



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2.17 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

2.18 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.18.1 Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Company's financial assets are classified into two categories:

- Loans and receivables
- Available-for-sale financial investments
 - Loans and receivables
 - Available for sale

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest and similar income in income statement. The losses arising from impairment are recognized in income statement in loan impairment charge.

The Company's loans and receivables comprise of Loans and receivables including insurance receivables, investment securities and other financial assets. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.



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b) Available-for-sale (AFS) financial assets

AFS investments include equity investments. Equity investments classified as AFS are those which are neither classified as held-for-trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to income statement in impairment loss on financial instrument. Interest earned whilst holding AFS financial instruments is reported as interest and similar income using the EIR method. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets to held to maturity if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognizes the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Other operating income'.

In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable, or when the instrument is derecognized.

Reclassification of financial assets

Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Company does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognized in equity is amortized to income statement over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to income statement.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

LUCY INSURANCE SHARE COMPANY

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Impairment of financial assets

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors are experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, default or delinquency in interest or principal payments and where observable data indicates that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortized cost

For financial assets carried at amortized cost (such as loans and receivables), the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(i) Financial assets carried at amortized cost (Contd)

The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'loan impairment charge'.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

(ii) Available-for-sale (AFS) financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognized in profit or loss. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to profit or loss and is recognized as part of the impairment loss. The amount of the loss recognized in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

2.18.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. The Company's financial liabilities include insurance contract liabilities, insurance payables and other liabilities.

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at amortized cost

These are financial liabilities issued by the Company, that are not designated at fair value through profit or loss but are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

All financial liabilities of the Company are carried at amortized cost.

Derecognition of financial liabilities

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

2.18.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Company has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Company or the counterparty.

2.19 Other assets

Other assets are generally defined as claims held against other entities for the future receipt of money or other benefits. The other assets in the Company's financial statements include: sundry debtors, staff debtors and deposits.

(a) Prepayments

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortized over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognized upon the occurrence of event or transaction as they arise and cancelled when payment is received. The Company's other receivables are staff debtors and sundry debtors.



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2.20 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with Banks and other short-term highly liquid investments with original maturities of three months or less.
For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, cash at bank, short term deposit with banks.

2.21 Insurance contracts

2.21.1 Classification

The Company issues contracts that underwrites risks individuals, corporate and other entities wish to transfer to an insurer. These risks relates to property, personal accident, motor, liability, marine and other perils which may arises from an insured event. The company is therefore exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts.

2.21.2 Recognition and measurement

The company is engaged in the general insurance business and most of the risks it underwrites are insurance which claims are settled with in one year of the occurrence of the events giving rise to the claims. for insurance contracts, the company has continued to apply certain accounting policies which are applied in accordance with statutory accounting principle .

Short-term insurance contracts

These contracts are Accident and casualty and property insurance contracts. Accident and Casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).
For all these contracts, premiums are recognized as revenue (earned premiums) over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.
Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. the Company does not discount its liabilities for unpaid claims . Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

2.21.3 Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due.



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2.21.4 Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables.

The impairment loss is calculated under the same method used for these financial assets.

2.21.5 Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in the process of settling a claim. the Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Salvage recoveries are used to reduce the claim expenses when the claim is settled.

2.22 Revenue recognition

a) Insurance Revenue

Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling due with in the accounting period is carried forward as unearned premium.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated using the 1/24th method as prescribed by Licensing and Supervision of Insurance Business Directive No SIB/38/2014. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

b) Reinsurance premiums

The company cedes reinsurance in the normal course of business with retention limit varying by line of business for the purpose of limiting its net loss potential. Gross general reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

c) Fees and commission income

Insurance policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognized as revenue over the period in which the related services are performed. If these fees are for the services provided in the future periods, then they are deferred and recognized over those future periods.

d) Investment income

Investment income also includes dividends when the right to receive payment is established, which is generally when the shareholders approve and declare the dividend.

Investment income also includes dividends when the right to receive payment is established, which is generally when the shareholders approve and declare the dividend.



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

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e) Dividend income

This is recognized when the company's right to receive the payment is established, which is generally when the shareholder approve and declare the dividend.

2.23 Gross benefits and claims

General insurance and health claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

2.24 Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

2.25 Employee benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post employment benefits.

(a) Wages, salaries and annual leave

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company.

(b) Defined contribution plan

The company operates two defined contribution retirement benefit schemes for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. They include;

i) pension scheme in line with the provisions of Ethiopian pension of private organization employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Company respectively;

The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the company. The contributions are recognized as employee benefit expense in the profit or loss in the year they relate. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Defined benefit plan

The company operates two defined contribution retirement benefit schemes for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. Which Includes;

i) pension scheme in line with the provisions of Ethiopian pension of private organisation employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Company respectively;

The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the company. The contributions are recognised as employee benefit expense in the profit or loss in the year they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The liability or asset recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.



LUCY INSURANCE SHARE COMPANY

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FOR THE YEAR ENDED 30 JUNE 2025

2.29 Leases

This standard was issued in January 2016 (effective 1 January 2019) . It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Most of the company's lease agreements are below 12 months and low value. Lucy shall periodically assesses the lease term for any changes as a result of options applied on extension or termination or modification of contracts. When conditions are met for the recognition of lease ,the right to use asset and the liabilities shall be recognized .However Lucy may elect not to recognize leases when the term is short(less than 12 months).

3 Income taxation

3.1 Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.2 Deferred tax

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.3 Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

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4 Insurance and financial risk management

4.1 Introduction

The Company's activities expose it to a variety of financial risks, including insurance risk, financial risk, credit risk, and interest rates risk. The Company's overall risk management program focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place, which help manage liquidity, and seek to maximize return within an acceptable level of interest rate risk.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Company's policy is to monitor those business risks through the Company's strategic planning process.

4.1.1 Risk management structure

The Board of Directors is responsible for the overall risk encountered by the Company. The Board is responsible to develop comprehensive risk management program and policies of the Company. The Board has an oversight role on the proper implementation of the Company's risk management program or policies. The Board monitors proper implementation policies through various reports.

The Senior Management has the overall responsibility for the proper execution and interpretation of the risk strategy and implementing principles, frameworks, policies and limits. It is also responsible for managing risk decisions and monitoring risk levels and deliberate on reports to the Board regarding risk management issues and give timely directions.

The Risk Management Unit is responsible for implementing and maintaining risk related procedures, independently assesses and monitor the level of risk assumed by the Company. Besides, the Risk Management Unit is responsible for monitoring compliance with risk principles, policies and limits across the Company. It carries out an assessment of risk on periodic basis to monitor the Company's overall risk, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. Exceptions are reported, where necessary, to the Board's Risk Committee and the relevant actions are taken to address exceptions and any areas of weakness. The unit works closely with the Board Risk Committees to ensure that procedures are compliant with the overall framework. The unit is functionally responsible to the Board. The risk management has also reporting relationship with internal audit function. Internal audit function among others ensures the effectiveness of the risk management function periodically. Internal Audit Function discusses the results of its assessments with management, and reports its findings and recommendations to the Board Audit Committee.

The Company's Finance team is responsible for managing the financial assets, financial liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

4.1.2 Risk measurement and reporting systems

The Company's risks are measured using methods that reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical model. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected regions. In addition, the Company measures and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

4.1.3 Risk mitigation

The Company uses various risk mitigating techniques to reduce its risk to the level acceptable. Risk controls and mitigants, identified and approved for the Company, are documented for existing and new processes and systems.

Risk control processes are identified and discussed in the quarterly risk report of the Risk Committee meetings. Control processes are also regularly reviewed and changes agreed with the Board.



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

4.2 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Company purchases reinsurance as part of its risks mitigation programmed. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is surplus reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to per risk and catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Non-life insurance contracts

The Company principally issues the following types of general insurance contracts: Property insurance, Engineering insurance, Pecuniary insurance and Liability insurance. Risks under non-life insurance policies usually cover twelve months duration.

The table below sets out the concentration of non-life insurance contract liabilities by type of contract:

30 June 2025	Note	Gross Insurance Liabilities Birr' 000	Reinsurance Birr'000	Net Liabilities Birr'000
	20	421,808	-	375,516
Liability for Incurred Claims RA	20.1	29,955	-	30,377
Liability for Incurred Claims BEL	20.2	129,932	-	152,760
Liability for Remaining Coverage Excl Loss Component	20.3	261,921	-	192,379
Loss Component		421,808		375,516



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Liability for Incurred Claims RA	20.1	30,377	-	30,377
Liability for Incurred Claims BEL	20.2	152,760	-	152,760
Liability for Remaining Coverage Excl Loss Component	20.3	192,379	-	192,379
Loss Component		375,516		375,516

4.3 Financial risk

Financial instruments by category

The Company's financial assets are classified into the following measurement categories: Available-for-sale and loans and receivables and the financial liabilities are classified into other liabilities at amortized cost.

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance.

The Company's classification of its financial assets is summarized in the table below:

30-Jun-25	Notes	at Amortized		Total Birr'000
		at FVOCI Birr'000	Cost Birr'000	
Financial assets				
Unquoted investments in equities	16.1	113,825	-	113,825
Government securities	16.2		60,205	60,205
Statutory deposits	16.2		270,911	270,911
Other receivables	18	-	-	-
Reinsurance contract asset	17		40,856	40,856
Staff Loan	18		7,251	7,251
Deposits with financial institutions and cash and bank ba	19	-	112,483	112,483
Total financial assets		113,825	491,707	605,532
Financial liabilities				
Reinsurance contract liability	20	-	-	-
Insurance contract liability	20	421,808	375,516	797,324
Other payables		-	62,420	62,420
Total financial liabilities		421,808	437,936	859,744

30-Jun-24	Notes	at Amortized		Total Birr'000
		at FVOCI Birr'000	Cost Birr'000	
Financial assets				
Unquoted investments	16.1		98	98
Government securities	16.2		39,448	39,448
Statutory deposits	16.2		8	8
Other receivables	19		17,371	17,371
Reinsurance contract asset	17		87,924	87,924
Staff Loan	18		5,034	5,034
Deposits with financial institutions and cash and bank ba	20		95,907	95,907
Total financial assets			245,790	245,790
Financial liabilities				
Reinsurance contract liability	20.2	-	-	-
Insurance contract liability	20.2	-	375,516	375,516
Other payables		-	62,420	62,420
Total financial liabilities			437,936	437,936

4.4 Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- Receivables arising out of reinsurance arrangements; and
- Reinsurer's share of insurance liabilities.



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Other areas where credit risk arises include cash and cash equivalents, statutory deposits, deposits with banks and other receivables.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The exposure to individual counterparties is also managed by other mechanisms, such as the right to offset where counterparties are both debtors and creditors to the Company. Management information reported to the Board of directors includes details of provisions for impairment on loans and receivables and subsequent write offs. Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company risk division.

4.4.1 Management of credit risk

Credit risk management is the process of controlling the impact of credit risk-related events on the company. Thus management involves identification, understanding and quantification of the degree of risks of loss and the consequent taking of appropriate measures. Obligors often appear both in the loan portfolio and as counterparties (and even if they don't, the factors driving the respective defaults appear in both), a proper analysis of credit risk often leads to having to consider the loan portfolio and the counterparty within the same analysis rather than being able to analyze those two separately and aggregating the results. This makes credit risk one of the most difficult and expensive to analyze, and it is important that key staff involved is aware of the difficulties and how to address them. The major risk that arises from a weakening of the credit portfolio is the impairment of the capital or liquidity. Therefore, the quality of an institution's credit portfolio contributes to the risks borne by policyholders (liquidity) and shareholders (capital impairment).

4.4.2 Concentration of credit risk

The credit risk of the Company has been concentrated in the following key areas of activities.

(a) Credit concentration of a single counter party

There is a potential credit risk arising from the fact that banks may not settle time deposit on a timely basis.

4.4.3 Credit quality analysis

(a) Credit quality of cash and cash equivalents

The credit quality of cash and bank balances and short-term investments that were neither past due nor impaired at as 30 June 2025 are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

(b) Credit quality of trade and other receivables

4.4.4 Credit concentrations

The Company monitors concentrations of credit risk by sector, location and purpose. An analysis of concentrations of credit risk at 30 June 2025 presented as

30 June 2025	Notes	Public	Private	Others	Total
		Birr'000	Birr'000	Birr'000	
Cash and bank balances	19	-	112,483	-	112,483
Investment securities		331,116			331,116
- Available for sale	16.1	-	113,825	-	113,825
- Loans and receivables	18	-	7,251	-	7,251
Trade and other receivables		-	-	-	-
Reinsurance Contract assets	17	-	40,856	-	40,856
Credit quality of cash and cash			-		-
		331,116	274,416	-	605,532



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30 June 2024	Public Birr	Private Birr	Others Birr	Total Birr
Cash and bank balances	19			
Investment securities	-	95,907	-	95,907
- Available for sale	16.1	39,456		39,456
- Loans and receivables	18	-	98,065	98,065
Trade and other receivables	18	-	5,034	5,034
Reinsurance assets	17	-	17,371	17,371
		-	87,924	87,924
	39,456	304,301	-	343,757

4.5 Liquidity risk

Liquidity refers to the company's ability to meet its current obligations. Liquidity is a measure of the ability of a debtors to pay their debts as and when they fall due. It is usually expressed as a ratio or a percentage of current liabilities. Liquidity risk is the measure of probability that a company's cash resources will be insufficient to meet current or future cash needs.

4.5.1 Management of liquidity risk

The Finance and Investment Division is responsible to prepare and produce financial reports together with performance evaluation ratios and comparative statements on the basis of finance manual, standard reporting formats and regulatory body requirements, which include:

- Notifying regularly the cash position and the expected commitments of the company
- Proposing appropriate investment opportunities in line with insurance supervision directives.
- Liability settlements shall be undertaken on the basis of cash flow of the company
- Finance team will be responsible to report, monitor, evaluate and implement decisions affecting liquidity in line with the finance manual performance standards and reporting formats.

4.5.2 Measurement of liquidity risk

Liquidity risk is primarily measured as the ratio of current liability to liquid assets. It is expected that the ratio should at all times be less than or equal to 1.05 (105%) i.e. the maximum tolerance liquidity rate the company should keep on hand is one birr for one birr and five cents obligation or liability.

In addition, the Company should maintain at least 60% of admitted asset at bank deposits and treasury bills.

4.5.3 Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The cash flows presented are the undiscounted amounts to be settled in future.

30 June 2025	0-1 year Birr'000	1-3 years Birr'000	3-5 years Birr'000	Over 5 years Birr'000	Total Birr'000
Insurance contract liabilities	421,808	-	-	-	421,808
Reinsurance contract liabilities	-	-	-	-	-
Other liabilities	74,939	-	-	-	74,939
Total financial liabilities	496,747	-	-	-	496,747

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FOR THE YEAR ENDED 30 JUNE 2025

30 June 2024	0-1 year	1-3 years	3-5 years	Over 5 years	Total
	Birr	Birr	Birr	Birr	
Insurance contract liabilities		375,516	-	-	375,516
Reinsurance contract liabilities		-	-	-	-
Other liabilities		62,420	-	-	62,420
Total financial liabilities	-	437,936	-	-	437,936

4.6 Market risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as premium rates, interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads. The main market risk arises from trading activities and equity investments. The Company is also exposed to interest rate risk in the banking books.

Investment risk is the risk that earnings for the Company arising from its insurance entities may be adversely impacted by changes in the value of investments and that the profile of investments may be inappropriate to match the profile of liabilities.

The Company does not ordinarily engage in trading activities as there are no active markets in Ethiopia.

4.6.1 Management of market risk

Market risk is managed by the Marketing Division and Finance & Investment team subject to inputs from the Board of directors, to identify any adverse movement in the underlying variables.

4.6.2 Measurement of market risk

The principle adopted in the management of investments is to closely match assets to the nature and term of insurance liabilities where possible. Total capital held in each entity reflects the results of internal models of economic capital, and takes into account business growth plans, as well as the likelihood of not being able to demonstrate an appropriate level of solvency.

Market risk is measured on the basis of investment capital or need of the Company. Investment is made on evaluating the investee companies and the type of investment. Investment risk is measured on the basis of security of the investees, liquidity consideration, and interest rate offer, and investment period, rate of return and proposal documents.

Investment is not made if the investee company does not fulfill the above noted measurement factors. Investments is also made with special guidelines of the Board of Directors of the Company

4.6.3 Monitoring of market risk

Market risk is monitored by performing regular asset liability matching exercises, monitoring market volatility, comparing actual performance with benchmark performance, and tracking errors and durations of fixed interest assets. Market risk is further monitored by measuring and comparing the actual risk exposure in terms of economic capital to an approved limit, based on a value-at-risk calculation. Hence, the Company has taken the following measures to ensure that market risk is adequately monitored.

- Equity investments are made often by conducting a thorough study and assessment,
- Equity investments are acquired from newly formed companies where they are collecting 50% of the total equity investment,
- Investment will not exceed in concentration more than 20% in one Company and the total amount will not exceed 10 million Birr,
- To adjust for price fluctuations, a revaluation of on-balance sheet assets will be carried every two years
- The risk profile of every investment is made after the closing of accounts every year and action is taken based on appropriate recommendations
- Technological related risks will be evaluated to see if the area of investment is prone to risks
- Every investment proposal need to be approved by Board of Directors,



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its financial obligations and financial assets with fixed interest rates. The Company's investment portfolio is comprised of Ethiopian government bonds and cash deposits. The table below sets out information on the exposures to fixed and variable interest instruments.

30 June 2025	Notes	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets				
Cash and bank balances	19	112,483	-	112,483
Investment securities	16	331,116	-	331,116
Reinsurance contract assets	17	40,856	-	40,856
Total		484,455	-	484,455
Liabilities				
Insurance contract liabilities	20	-	421,808	421,808
Insurance payables	22	-	-	-
Other payables		-	74,939	74,939
Total		-	496,747	496,747

30 June 2024		Fixed Birr	Non-interest bearing Birr	Total Birr
Assets				
Cash and bank balances	19	95,907	-	95,907
Investment securities	16.1	229,308	-	229,308
Reinsurance contract assets	17	87,924	-	87,924
Total		413,139	-	413,139
Liabilities				
Insurance contract liabilities	20	-	375,516	375,516
Insurance payables		-	-	-
Other payables	22	-	62,420	62,420
Total		-	437,936	437,936

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company primarily transacts in Ethiopian Birr and its assets and liabilities are denominated in the same currency. The Company is therefore not exposed to currency risk.

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, and limits on investments in each sector and market.

The Company has no significant concentration of price risk as there is no active market in Ethiopia.

4.7 Capital management

The Company's objectives when managing capital are to comply with the capital requirements set by the National Bank of Ethiopia, safeguard its ability to continue as a going concern, and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

4.7.1 Margin of Solvency ratio

According to the Licensing and Supervision of Insurance Business Margin of Solvency (MOS) Directives No. SIB/45/2016 of the National Bank of Ethiopia, an insurer carrying on general business shall keep admitted capital amounting to the highest of 25% of its technical provisions, or 20% of the net written premiums in the last preceding financial year, or the minimum paid capital. An insurer carrying on long term insurance business shall keep admitted capital amounting to the higher of 10% of technical provisions or the minimum paid up capital.

MOS ratio is the excess of assets over liabilities maintained for general and long term insurance business. Admissible assets and liabilities stated below is in accordance with the MOS Directives No. SIB/ 45/ 2016.

	Notes	30 June 2025 Birr	30 June 2024 Birr
(A) Admissible assets			
Cash and cash equivalents	19	112,483	95,907
Investment securities	16.1	331,116	229,308
– Available for sale	16.2	-	-
- Loans and receivables	18	72,744	-
Debtors and prepayments	18	113,600	110,329
Deferred income tax			
Property plant and equipment	15	193,381	186,651
		823,324	622,195
(B) Admissible liabilities			
Insurance contract liabilities	20	421,808	375,516
Deferred income tax Liabilities	13d	6,168	5,387
Taxes payable	13a	10,980	13,172
Insurance payables	20	-	-
Other payables	22	57,791	43,861
		496,747	437,936
(C) Excess (admitted capital)- (A-B)		326,576	184,259
Solvency Margin			
(D) Net premium		264,711	169,432
(E) Technical provision		421,808	375,516
(F) Limit of net premium i.e. 20% of net premium of previous year		52,942	33,886
(G) Limit of technical provision i.e. 25% of technical provision		105,452	93,879
(H) Minimum paid up capital		60,000,000	60,000,000

Since Admitted capital C > G- Positive Solvency

4.8.1 Financial instruments not measured at fair value

The following table summarizes the carrying amounts of financial assets and liabilities at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	30 June 2025		30 June 2024	
		Carrying amount	Fair value	Carrying amount	Fair value
		Birr'000	Birr'000	Birr'000	Birr'000
Financial assets					
Cash and bank balances	19	112,483	112,483	95,907	95,907
Investment securities					-
- Available for sale	16.2, 16.3	-	166,906	98	98
- Loans and receivables	18	7,251	7,251	4,609	4,609
Trade and other receivables	18	64,244	64,244	16,946	16,946
Reinsurance assets	17	40,856	40,856	87,924	87,924
Total		224,834	391,740	205,484	205,484
Financial liabilities					
Insurance contract liabilities	20	421,808	421,808	375,516	375,516
Reinsurance contract liabilities		-	-	-	-
Other liabilities	22	57,791	57,791	21,698	21,698
Total		479,599	479,599	397,214	397,214

4.8.2 Fair value methods and assumptions

Trade receivables and other receivables are carried at cost net of provision for impairment. The estimated fair value represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

4.9 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

5 Insurance Revenue

Class of Business	June 30 2025	June 30,2024
	Birr '000	Birr'000
Accident	1,308	2,650
Engineering	10,556	13,624
Fire	11,516	11,278
Liability	20,361	17,714
Marine	21,557	6,686
Motor	296,147	227,119
Pecuniary	57,042	36,896
PVT	27,610	24,375
Compensation	3,200	2,803
Others	-	-
Total	449,297	343,146

6 Insurance Service Expenses

Class of Business	June 30 2025	June 30,2024
	Birr ' 000	Birr '000
Accident	1,202	1,370
Engineering	334	13,038
Fire	417	1,198
Liability	2,774	2,463
Marine	436	(509)
Motor	187,428	145,312
Pecuniary	1,875	34,202
PVT	37	3,314
Compensation	743	1,143
Others	-	-
Total	195,246	201,533



7 Net Expenses From Reinsurance Contracts Held

		June 30 2025	June 30,2024
		Birr'000	Birr'000
Reinsurance Revenue	7.1	(32,347)	29,068
Reinsurance Movement in Risk Adjustment (RA)	7.3	(13,242)	7,214
Reinsurance Directly Attributable Expenses			
Reinsurance Movement in Loss component (LC)			
Reinsurance Amortization of Acquisition Expenses	7.4	34,938	31,914
Total reinsurance revenue		(10,651)	68,196
Reinsurance Claims Service Expense	7.2	100,366	78,434
Net Expenses From Reinsurance Contracts Held		(111,016)	(10,238)

LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7.1 Reinsurance revenue by Class of Business

	June 30 2025 Birr'000	June 30,2024 Birr'000
Accident	35	45
Engineering	(4,153)	12,215
Fire	(3,045)	(600)
Liability	1,221	(341)
Marine	323	(775)
Motor	15,288	2,958
Pecuniary	12,927	16,051
PVT	187	(380)
Workmen's Compensation	(55,132)	(107)
Others	-	-
Total	(32,347)	29,068

7.2 Reinsurance Claims Service Expense Class of Business

	June 30 2025 Birr'000	June 30,2024 Birr'000
Accident	13,033	138
Engineering	19,330	10,816
Fire	7,200	7,005
Liability	3,552	6,212
Marine	5,017	1,810
Motor	12,851	11,505
Pecuniary	17,004	20,876
PVT	17,624	19,910
Workmen's Compensation	4,285	163
Others	469	-
Total	100,366	78,434

7.3 Reinsurance Movement in Risk Adjustment (RA)

<u>Class of Business</u>	June 30 2025 Birr'000	June 30,2024 Birr'000
Accident	6	4
Engineering	30	350
Fire	2	8
Liability	78	(6)
Marine	56	(245)
Motor	1,820	219
Pecuniary	(15,238)	7,028
PVT	(121)	(126)
Workmen's Compensation	125	(17)
Others	-	-
Total	(13,242)	7,214



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7.4 Reinsurance Amortization of Acquisition Expenses

	June 30 2025 Birr'000	June 30,2024 Birr'000
Accident	933	(596)
Engineering	3,150	4,652
Fire	4,378	6,837
Liability	2,520	2,916
Marine	3,310	1,103
Motor	1,361	2,866
Pecuniary	11,283	11,035
PVT	7,684	2,956
Workmen's Compensation	102	146
Others	218	-
Total	34,938	31,914

8 Finance Income/Expenses From Insurance Contracts

Class of Business	June 30 2025 Birr'000	June 30,2024 Birr'000
Accident	171	18
Engineering	499	(296)
Fire	(24)	(60)
Liability	90	(48)
Marine	382	(146)
Motor	10,847	2,286
Pecuniary	(1,929)	2,245
PVT	(68)	(46)
Others	(3)	4
Total	9,965	3,958



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8.1 Finance Income/Expenses From Reinsurance Contracts Class of Business	June 30 2025	June 30,2024
	Birr'000	Birr'000
Accident	6	1
Engineering	600	142
Fire	14	(31)
Liability	75	(24)
Marine	40	(84)
Motor	1,085	(3)
Pecuniary	(1,537)	1,889
PVT	(67)	(49)
Workmen's Compensation	65	(12)
Others	-	-
Total	280	1,830

9 Result per Asset Class - Overall ECL 2025					
	Exposure	Stage 1	Stage 2	Stage 3	Total impairment
Treasury Bonds	59,410,600	373,374	-	-	373,374
Treasury Bills	-	-	-	-	-
Cash at Bank	112,504,908	17,809	-	-	17,809
Unidentified cash balances	-	-	-	-	-
Trade receivables	17,711,680	451,823	-	-	451,823
Staff Loan	7,875,843	624,350	-	-	624,350
Fixed Deposit	250,000,000	39,574	-	-	39,574
Corporate bonds	-	-	-	-	-
Total	447,503,030	1,506,930	-	-	1,506,930

2024					
	Exposure	Stage 1	Stage 2	Stage 3	
Treasury Bonds	39,456,000	1,749,828	-	-	1,749,828
Treasury Bills	-	-	-	-	-
Cash at Bank	95,952,234	45,474	-	-	45,474
Unidentified cash balances	-	-	-	-	-
Trade receivables	-	-	-	-	-
Staff Loan	5,034,000	357,088	-	67,924	425,012
Fixed Deposit	191,602,228	-	-	-	-
Corporate bonds	-	-	-	-	-
Total	332,044,463	2,152,390	-	67,924	2,220,314

9.1 ECL Per SOFP Item	June 30 2025	June 30,2024
	Birr'000	Birr'000
Credit impairment losses Staff loan	199	403
Credit impairment losses Trade receivable	452	(137)
Credit impairment losses- cash	(28)	23
Credit impairment losses- time deposit	40	-
Credit impairment losses- DBE bond	(1,376)	664
	(713)	953

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	30 June 2025	30 June 2024	
	Birr '000	Birr '000	
10 Investment income			
Dividend income on equity investments	14,149	14,068	
Interest income on cash and short-term deposits	35,269	22,438	
Interest income on statutory deposits	3,930	2,739	
Rent income		1,671	
Total investment income	53,348	40,916	
	30 June 2025	30 June 2024	
	Birr '000	Birr	
11 Other income			
Gain on disposal	-	3,980	
Sundry income	259	904	
Rent income	1,564		
	1,822	4,884	
	30 June 2025	30 June 2024	
Note	Birr '000	Birr '000	
12 Directly Attributable Operation Expenses (30%)	12.1	50,555	41,280
Other Operating Expenses (70%)	12.2	118,197	96,320
Total		168,753	137,600
12.1 Directly attributable operational expenses			
Accident		154	421
Engineering		1,188	1,161
Fire		1,272	1,399
Liability		2,284	2,023
Marine		2,426	855
Motor		33,323	27,116
Pecuniary		6,442	4,427
PVT		3,106	3,520
Workmen's Compensation		361	358
Others		-	-
		50,555	41,280
12.2 Other operating and administrative expenses			
Salaries and wages		47,554	37,001
Staff allowances		9,285	1,375
Pension costs – Defined contribution plan		5,007	3,860
Severance costs – Defined benefit plan		607	746
Other staff expenses		626	10,835
Rental expenses		11,504	8,609
Repair and maintenance		6,637	2,943
Advertising and publication		1,953	1,422
Communication		1,464	815
Printing and stationery		2,861	3,618
Entertainment		1,684	1,141
Travelling and transportation expenses		335	534
Insurance		1,288	1,674
Office cleaning and supplies		180	220
Legal and professional fees		346	226
Board fees		2,538	529
Audit fee		104	76
Subscription and membership fees		1,368	521
Depreciation on property and equipment (note 20)		7,975	6,669
Bank charges		513	279
Fuel, petrol and lubricant		5,456	5,048
Share administration Expense		-	1
IFRS cost for implementation		1,711	577
Penalty & Fines		-	150
Sundry expenses		7,201	7,449
		118,197	96,320



N.B The directly attributable operational expense has already been included under insurance service expense (note 6)

LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025	30 June 2024
	Birr'000	Birr'000
13 Company income and deferred tax		
13a Current income tax		
Provision for profit tax- IFRS 17		
Profit before tax	90,405	82,029
Add back: Disallowed Expenses		
Depreciation for reporting purpose	11,393	9,528
Provision for Severance Expense	868	1,065
Provision for Annual leave expense	1,286	2,493
Proceed from sales of Share in excess of par	-	-
Entertainment	2,405	1,631
Penalty & fines	-	214
Sundry Expense (Staff day)	979	687
Provision for Doubtful expenses	-	(6)
Impairment /ECL		953
	107,337	98,594
Less: Allowable Income/expenses		
Depreciation for tax purpose	(17,389)	(15,441)
Interest income taxed at source	(39,199)	(25,177)
Dividend income taxed at source	(14,149)	(14,068)
Amortization for pre operating expenses	-	-
	(70,737)	(54,686)
Profit Before Tax for this Year	36,600	43,908
Loss Brought forward	-	-
Taxable profit	36,600	43,908
Provision for profit tax	10,980	13,172

13b Deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss ("p or l), in equity and other comprehensive income are attributable to the following items:

	At 1 July 2024	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	30 June 2025
	Birr'000	Birr'000	Birr'000	Birr'000
13c Deferred income tax assets/(liabilities):				
Property, plant and equipment	6,222		1,042	7,264
Post employment benefit obligation	(835)		1,931	1,096
Total deferred tax assets/(liabilities)	5,387	-	2,973	6,168

	At 1 July 2023	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	30 June 2024
	Birr'000	Birr'000	Birr'000	Birr'000
Deferred income tax assets/(liabilities):				
Property, plant and equipment	3,330		2,892	6,222
Post employment benefit obligation	(516)		(320)	(835)
Total deferred tax assets/(liabilities)	2,814	-	2,572	5,387



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

13d DEFERRED TAX LIABILITY

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Plant, Property & Equipment - carrying amount (IFRS)	193,381	186,651
Plant, Property & Equipment - tax base	169,167	165,910
Plant, Property & Equipment - Temporary difference	24,213	20,741
Deferred tax liability - @ 30%	7,264	6,222
Severance pay - carrying amount	3,653	2,785
Severance pay - tax base	-	-
Severance pay - Temporary difference	3,653	2,785
Change in Deferred tax asset - @ 30%	1,096	835
Payment regarding deferred tax liability	-	-
Deferred tax (liability) asset - @ 30%	6,168	5,387

14 Earnings Per Share

Earnings per share is calculated by dividing the profit for the year and the average number of ordinary shares issued during the year

Profit attributable to ordinary share holders(ETB)

Weighted average number of share out standing during the year

Basic earnings per share (Birr)

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Profit attributable to ordinary share holders(ETB)	79,425	68,856
Weighted average number of share out standing during the year	262,263	201,272
Basic earnings per share (Birr)	302.85	342.11
	30%	34%

15 Property, plant and equipment

	Office Building and Partitions	Motor vehicles	Furniture fittings	Computer and accessories	Office equipment	Total
<u>Cost</u>	<u>Birr'000</u>	<u>Birr'000</u>	<u>Birr'000</u>	<u>Birr'000</u>	<u>Birr'000</u>	<u>Birr'000</u>
As at 1 July 2023	140,233	42,984	4,370	5,698	6,137	199,422
Additions	152	16,473	2,030	5,456	2,334	26,445
		(4,190)				(4,190)
As at 30 June 2024	140,385	55,267	6,400	11,154	8,471	221,677
As at 1 July 2024	140,385	55,267	6,400	11,154	8,471	221,677
Additions	5,268	(9)	3,009	6,559	3,106	17,933
		-				-
As at 30 June 2025	145,653	55,257	9,409	17,713	11,578	239,610
Accumulated depreciation						
As at 1 July 2023	4,449	15,217	1,925	3,315	2,547	27,453
Charge for the year	2,667	4,674	480	893	815	9,528
Disposal		(1,950)				(1,950)
As at 30 June 2024	7,116	17,941	2,405	4,208	3,361	35,032
As at 1 July 2024	7,116	17,941	2,405	4,208	3,361	35,026
Charge for the year	2,767	5,001	600	2,009	820	11,197
Disposal		-	-	-	-	-
As at 30 June 2025	9,883	22,942	3,005	6,217	4,181	46,223
As at July 2023	135,784	27,767	2,445	2,383	3,590	171,969
As at July 2024	133,269	37,326	3,995	6,946	5,110	186,651
As at 30 June 2025	135,770	32,315	6,404	11,496	7,397	193,381

LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025	30 June 2024
	Birr'000	Birr'000
16 Investment		
16.1 Investment in Equity at fair value		
D.G.Bank Capital Investment	39 727	20 903
Addis Int. bank Capital Investm	23 243	13 026
Ethiopian Re-Insu.S.C Cap.Inves	14 787	10 480
Bunna Int. Bank Capital Invest.	40 854	32 748
Abay Bank S.C Capital Investm.	39 175	28 273
Enat Bank S.C Share Investment	8 587	6 644
CapitalFinancialExcellencecense	533	188
	166 906	112 261
Investment in Equity at Amortized cost		
D.G.Bank Capital Investment	21 541	18 535
Addis Int. bank Capital Investm	12 886	11 128
Ethiopian Re-Insu.S.C Cap.Inves	10 040	7 116
Bunna Int. Bank Capital Invest.	34 435	31 281
Abay Bank S.C Capital Investm.	27 890	23 631
Enat Bank S.C Share Investment	6 834	6 186
CapitalFinancialExcellencecense	200	188
	113 825	98 065
	53 081	14 196
16.1.2 Revaluation reserve		
The company has adopted IFRS 13 Fair valuation in its equity investments in line with the requirement. In the absence of an active domestic market, market multiples were sourced from peer African markets.		
16.2 Bond		
DBE Bond	18 610	8 445
Statutory Deposit-NBE	40 801	31 011
I/Recivable Develop Bank	759	
Accrued int receivable DBEbond	409	
	60 578	39 456
ECL Impairment	(373)	(1 750)
	60 205	37 706
16.3 Fixed Time deposit at banks		
Yegna MIF S.C	10 000	5 000
FixedTimeDUnitedGermanadebabay	7 000	6 000
Fixed TimeDeposit UnitedSululta	7 000	23 000
Fixed Enat bank Dr. Su Bernel	5 000	38 000
Fixed Time Dep for BOA Ureal Br	10 000	10 000
United Bank Enderase br.	18 000	13 000
Africa Village MFI	10 000	13 000
FixeTime dep GBethioW/limat	69 000	15 000
Fixed Time Dep. Addis int.Urael	10 000	12 000
Fixed Time dep OIB Dokabora	13 000	13 000
Fixed Time Dep OIB Geda br.	13 000	15 000
Debub Global Fixed Time Yerer	10 000	14 000
FixedTimedeposi VisionfundMFI	20 000	
Fixed Time Dep. OromiaBankSaris	17 000	
FixedtimedepositNIBankwuhalimar	17 000	
Fixed Time dep.Awash Urael	14 000	
Total	250 000	177 000



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

FTD-Accrued Interest

AccruedintrecvbleGermanunited	171	213
AccintRecUnited Sulultabr.	227	249
Acc/int.Rec EnatbankDr.Subernel	330	1 085
Accrued int recv.Abysiniaurael	1 137	1 170
AccintRecvbleUnitedbankEnderase	1 327	2 123
Acc.intreceivableAfricavilageMFI	1 355	436
Acc int Recvble YegnaMFI	406	1 943
Interest Recv.DGB beklobet Br.	7	1 909
Acc/int.receivable Devel.bank	1 520	520
Int/Recvable DGB Wuha Limat	4 559	312
A/ int. Rec. Addisint.urael br.	499	177
AccintRecevable Dokabora	1 937	493
AccintRecevable Geda br	1 915	2 361
Acc.int,recvbleDGB Yerer	434	1 612
Acc.int.recivableVisionFUNDMFI	563	
Acc.intReceivable Oro Banksaris	257	
Acc.Int Receivable NIBWuhalimat	2 663	
Acc.int.receivable Awash Urael	1 592	
Accrued Interest Receivable - Other	51	
	20 951	14 602
	270 951	191 602
ECL Impairment Allowance	(40)	
	270 911	229 308

17 Reinsurance Contract Assets

Particulars	Note	30 June 2025	30 June 2024
		Birr'000	Birr'000
Reinsurer's BEL Claims	17 1	27 755	64 360
Reinsurance Risk Adjustment (RA)	17 2	6 690	19 931
Reinsurance Asset for Remaining Coverage Excl	17 3	6 863	3 633
ECL impairment		-452	
Total Reins Cont Assets		40 856	87 924

17 1 Reinsurer's BEL Claims

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Reinsurance contract assets BOP	65 066	54 044
Amounts recoverable from reinsurers	(32 347)	29 068
Reinsurance finance expense total	(280)	(1 830)
Claims excl. non-distinct investment component paid	(4 683)	(16 923)
Total	27 755	64 360

17 2 Reinsurance Risk Adjustment (RA)

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Reinsurance contract assets BOP	19 931	12 717
Amounts recoverable from reinsurers	(13 242)	7 214
Total	6 690	19 931



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025	30 June 2024
	Birr'000	Birr'000
17 3 Reinsurance Asset for Remaining Coverage Excl Loss Component		
Reinsurance contract liabilities BOP	(11 757)	(11 796)
Amortization of reinsurance acquisition cash flows	31 655	31 914
Reinsurance acquisition cash flows	(34 938)	(31 875)
Reinsurance contract assets BOP	14 684	7 298
Allocation of reinsurance premiums paid	(100 366)	(78 434)
Amounts recoverable from reinsurers	31 655	31 914
Cash flows	72 647	54 651
Movement in DRC	3 283	(39)
Total	6 863	3 633

During the year, the Company entered into reinsurance arrangements that resulted in profits of Birr 9,313,340 in 2025 & 8,679,458 in 2024). This profit has been reflected in the statement of profit or loss.

		30 June 2025	30 June 2024
		Birr '000	Birr '000
18 Other assets			
	Note		
Sundry Debtors		19 223	3 952
Non-Current asset held for sale		12 100	-
Advance Profit Tax		3 800	3 528
Pre Payment		25 188	10 315
Stock Items		2 052	-
Receivable Value added Tax		3 131	-
		65 492	17 796
Staff Loans		7 876	5 034
ECL Impairment	9	(624)	(425)
		7 251	4 609
Gross amount		72 744	22 405

Maturity analysis

	30 June 2025	30 June 2024
	Birr '000	Birr '000
Current	21 082	7 481
Non-current	52 286	15 350
ECL Impairment	(624)	(425)
	72 744	22 405

19 Cash and cash equivalents

	30 June 2025	30 June 2024
	Birr '000	Birr '000
Cash on hand	-	-
Cash at bank	112 500	95 952
	112 500	95 952
Less: Impairment	(18)	(45)
	112 483	95 907
Maturity analysis		
Current	112 483	95 907
Non-current	-	-
	112 483	95 907

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, cash at bank, short term deposit with banks.

LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025	30 June 2024
	Birr '000	Birr '000
Cash and cash equivalents	112,483	95,907
Deposits with financial institutions	-	-
	112,483	95,907

20 Insurance contract liabilities

	30 June 2025	30 June 2024
	Birr '000	Birr '000
Liability for Incurred Claims RA	29,955	30,377
Liability for Incurred Claims BEL	129,932	152,760
Liability for Remaining Coverage Excl Loss Compo Loss Component	261,921	192,379
Expected recoveries from salvage	-	-
Liability for Remaining Coverage (LRC)	421,808	375,516

20.1 Liability for Incurred Claims RA

	30 June 2025	30 June 2024
	Birr '000	Birr '000
Insurance Contract Liabilities Bop-RA	29,955	11,273
Adjustment To Liabilities For Incurred Claims-RA	-	-
Total	29,955	11,273

20.2 Liability for Incurred Claims BEL

	30 June 2025	30 June 2024
	Birr '000	Birr '000
Insurance Contract Liabilities Bop-BEL	152,760	124,491
Incurred Claims-BEL	115,271	131,818
Directly Attributable Expenses-BEL	50,555	41,280
Therefore Recognized In Pnl	(9,965)	(3,958)
Claims Excl Non Distinct Investment Component Paid	(128,135)	(99,592)
Non Distinct Investment Component Paid	-	-
Directly Attributable Expenses Paid	(50,555)	(41,280)
Total	129,932	152,760

20.3 Liability for Remaining Coverage Excl Loss Component

	30 June 2025	30 June 2024
	Birr '000	Birr '000
Insurance Contract Liabilities Bop-Excl Loss Component	206,779	152,672
Insurance Contract Assets Bop- Excl-LC	(14,401)	(9,582)
Acquisition Cash Flows Amortization	25,472	17,162
Insurance Revenue-LC	(449,300)	(343,146)
Premiums Received-LC	523,212	397,253
Insurance Acquisition Cash Flows	(29,841)	(21,980)
Total	261,921	192,379

The gross claims reported, the loss adjustment expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The amounts for salvage and subrogation at the end of years are not material. These provisions represent the liability for insurance contracts for which the Company's obligations are not expired at year-end.

21 Reinsurance contract liabilities

	30 June 2025	30 June 2024
	Birr '000	Birr '000
RI BEL DAC	0	0
Reinsurance Payables	0	0
Total Reinsurance contract liabilities	0	0

The carrying amounts disclosed above approximate fair value at the reporting date. All amounts payable on direct insurance business and assumed reinsurance business are payable within one year.



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025 Birr '000	30 June 2024 Birr '000
22 Other Liabilities		
22.1 Financial liabilities		
Pension fund payable	1,020	813
Sales agents and brokers	13,188	11,027
Sundry payables	9,380	10,323
	23,587	22,163
22.2 Other Non-financial Liabilities		
Withholding tax and Valued added tax payables	9,737	672
Employee income tax payable	1,893	1,513
Accrual for leave liability	6,237	5,738
Accruals	16,167	12,867
Dividend payable	170	909
	34,204	21,698
Total other payables	57,791	43,861
Maturity analysis		
	30 June 2025 Birr '000	30 June 2024 Birr '000
Current	51,554	43,861
Non- current	6,237	-
	57,791	43,861
23 Retirement benefit obligation		
23.1 Defined benefits liabilities:		
– Severance benefit plan	3,653	2,785
Liability in the statement of financial position	3,653	2,785
23.2 Income statement charge included in personnel expenses:		
– Severance benefit plan	1,404	2,030
Total defined benefit expenses	1,404	2,030
23.3 Remeasurements for:		
– Severance benefit plan	(132)	508
	(132)	508

The income statement charge included within personnel expenses includes current service cost, interest cost, past service costs on the defined benefit s

24 Retirement benefit obligation

The severance benefit plan is an unfunded defined benefit scheme.

The key financial assumptions are the discount rate and the rate of salary increases. The provision was based on an independent actuarial valuation performed by Actuarial Services East Africa Limited using the projected unit credit method.

The Company does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallise.

(i) Severance benefit plan

The benefits under the Scheme are defined in the Labour Proclamation No.1156/2019 effective from 05 September 2019 , which was an update from the previous Labour Proclamation No. 377/2003 and Labour Proclamation Amendment No. 494/2006 effective dates 26 February 2004 and 29 June 2006 respectively. The key change as noted from the new Labour Proclamation No. 1156/2019 is the additional benefits as follows:

Where a contract of employment is terminated when the undertaking ceases operation permanently due to bankruptcy or for any other cause, the worker shall be paid an amount equal to the worker's average daily wage of the last week of service multiplied by 60.

Where a worker dies before receiving severance pay, his dependents will be paid:

- 2 months wages for funeral expenses

- A sum of 5 times the annual salary of the deceased and shall be paid in

lump sum 50% to the spouse, 10% each child and 10% each parent. The total amount of the dependents' benefit should add up to 100%

LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025 Birr '000	30 June 2024 Birr '000
24.1 Liability recognised in the financial position	3,653	- 2,785
24.2 Amount recognised in the profit or loss	30 June 2025 Birr '000	30 June 2024 Birr '000
Current service cost	953	1,764
Interest cost	451	267
	1,404	- 2,030
24.3 Amount recognised in other comprehensive income:		
Remeasurement (gains)/losses arising from changes in demographic	(132)	508
	(132)	- 508
Deferred tax (liability)/asset on remeasurement gain or loss	-	
	(132)	-
24.4 Changes in the present value of the defined benefit obligation		
At the beginning of the year	2,785	1,720
Current service cost	953	1,764
Interest cost	451	267
Remeasurement (gains)/losses arising from changes in demographic ass	(132)	508
Past service cost	-	-
Benefits paid	(404)	(1,473)
At the end of the year	3,653	- 2,785
24.5 Retirement benefit obligation (Contd)		
The principal assumptions used in determining defined benefit obligations	30 June 2025 Birr '000	30 June 2024 Birr '000
Discount rate (p.a)	15.00%	14.75%
Long term salary increases (p.a)	13.00%	12.75%

(i) Discount rate

In Ethiopia, there is neither a deep market in corporate nor government bonds. Furthermore, the market for treasury bills in Ethiopia is inefficient and does not appear to be market determined. IAS19 does not provide guidance for setting the discount rate in a country with limited government bonds or instruments.

The Company therefore opted to use a discount rate of 15% (30 June 2024: 14.75%) based on the prevailing commercial banks lending rate as advised by the Actserve

(ii) Long term salary increases

The salary increase has been determined by the management as mutually compatible rate taking into account the likely future economic scenarios of the country.



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

(iii) Mortality rate

Mortality is normally expressed as the probability of death within the next year for an individual of a specific age. Different mortality rates are thus set for each age group (higher rates for older people) and this set of rates is referred to as a mortality table.

The mortality table used for the current employees was A1949/52 as published by the Institute of Actuaries.

Age	30 June 2025		30 June 2024	
	Males	Females	Males	Females
20	0.111%	0.111%	0.111%	0.111%
25	0.112%	0.111%	0.112%	0.111%
30	0.116%	0.113%	0.116%	0.113%
35	0.132%	0.120%	0.132%	0.120%
40	0.188%	0.147%	0.188%	0.147%
45	0.330%	0.231%	0.330%	0.231%
50	0.599%	0.420%	0.599%	0.420%
55	1.035%	0.750%	1.035%	0.750%
60	1.720%	1.272%	1.720%	1.272%

(iv) Withdrawals from service

The withdrawal rate selected was based on experience in other similar arrangements.

Age	30 June 2025		30 June 2024	
	Males	Females	Males	Females
20	15%	15%	15%	15%
25	12%	12%	12%	12%
30	6%	6%	6%	6%
35	2.5%	2.5%	2.5%	2.5%
40	1.8%	1.8%	1.8%	1.8%
45	1%	1%	1%	1%
50	0%	0%	0%	0%
55	0%	0%	0%	0%
60	0%	0%	0%	0%

(v) Ill-health / Disability

Age	30 June 2025		30 June 2024	
	Males	Females	Males	Females
20	0.040%	0.040%	0.040%	0.040%
25	0.040%	0.040%	0.040%	0.040%
30	0.040%	0.040%	0.040%	0.040%
35	0.040%	0.040%	0.040%	0.040%
40	0.063%	0.050%	0.063%	0.050%
45	0.110%	0.080%	0.110%	0.080%
50	0.200%	0.140%	0.200%	0.140%
55	0.350%	0.250%	0.350%	0.250%
60	0.570%	0.420%	0.570%	0.420%



24.6 Quantitative sensitivity analysis for significant assumption

	Change in assumption	30 June 2025		30 June 2024	
		Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
		Birr'000	Birr'000	Birr'000	Birr'000
Discount rate	(+/-)1%	451,264	451,264	507,862	507,862
Long term salary increases	(+/-)1%	3,249,866	3,249,866	1,311,736	1,311,736
Base scenario figures		2,784,898	2,784,898	1,719,707	1,719,707
Changed discount rate figures		952,558	952,558	2,030,491	2,030,491
Changed longterm salary rate figures		3,737,456	3,737,456	2,784,898	2,616,487

LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Retirement benefit obligation (Contd)

The following payments are expected contributions to be made in for the next five (5) years out of the defined benefit plan obligation:

	30 June 2025	30 June 2024
	Birr '000	Birr '000
Within the next 12 months (next annual reporting period)	0	0
Between 1 to 5 years	8	30
Above 5 years	3,645	2,755
	3,653	2,785

24.7 Risk exposure

(i) Through its post-employment benefit schemes, the Company is exposed to a number of risks. The most significant of which are detailed below:

(ii) Liquidity risk

The defined liabilities are unfunded and as a result, there is a risk of the Company not having the required cash flow to fund future defined benefit obligations as they fall due.

(iii) Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Birr	Birr
25 Ordinary share capital		
Authorized		
100,000 ordinary shares of Birr 1,000 each	1,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of Birr 1,000 each	266,907	205,401
	30 June 2025	30 June 2024
	Birr'000	Birr'000
26 Share premium		
At the beginning of the year	1,999	1,950
Additions through issuance of shares	110	49
	2,109	1,999
	30 June 2025	30 June 2024
	Birr'000	Birr'000
27 Retained earnings		
At the beginning of the year	50,315	37,158
Profit/ (loss) for the year	79,425	67,761
Transfer to Legal reserve	(7,943)	(6,776)
Prior year Adjustments regarding to Deffered taxation	5,387	1,100
Prior year Adjustments	878	(878)
Deferred Taxation on Temporary Difference	(6,168)	(5,387)
Dividends paid	(56,698)	(39,778)
Impact of IFRS17	-	(2,885)
At the end of the Year	65,196	50,315



LUCY INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025	30 June 2024
	Birr'000	Birr'000
28 Legal reserve		
At the beginning of the year	21,592	14,816
Transfer (from) / to retained earnings	7,943	6,776
At the end of the year	29,534	21,592
29 Other reserve		
At the beginning of the year	231	231
Re-measurement gains on defined benefit plans (net of tax)	26	
Staff loan (free of interest)	-	
Deferred Taxation	-	
	257	231

30 Related party transactions

The Licensing & Supervision of Insurance Business Directive No SIB/53/2012 of the National Bank of Ethiopia defined a related party as a shareholder, a director, a chief executive officer, or a senior officer of a Insurance Company and/or their spouse or relation in the first degree of consanguinity or affinity; and a partnership, a common enterprise, a private limited company, a share company, a joint venture, a corporation, or any other business in which officers of the Company and/or their spouse or relation in the first degree of consanguinity or affinity of the officers of the Company has business interest as shareholder, director, chief executive officer, senior officer, owner or partner . The directive stipulates that the identification of related parties shall be the responsibility of the Company.

30.1 Key management compensation

Key management has been determined to be the members of the Senior Management team of the Company.

The key management members are compensated as per the company's salary and benefit package approved by the board of directors.

The compensation paid or payable to key management is shown below. There were no sales or purchase of goods and services between the Company and key management personnel as at 30 June 2024.

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Salary payment	7,815	6,465
Leave Pay	112	829
Post-employment benefits	711	711
Representation allowance	328	308
	8,966	8,314

30.2 Board of Directors Compensations

The boards of directors are identified as elected by annual general meeting every three years as per the national bank of Ethiopia directive and their remunerations are aligned as outlined below.

Directors are remunerated as per Directive No. SIB/46/2018 of National Bank of Ethiopia which limited payments to Directors to be Birr 150,000 per annum and Birr 10,000 transportation allowance every month. The current balance is composed of monthly allowances paid during the year and annual compensation payable for the year.

The compensation paid or payable to key management for shown below. There were no sales or purchase of goods and services between the Company and key management personnel as at 30 June 2024.



LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	30 June 2025 Birr'000	30 June 2024 Birr'000
Monthly Allowance	1 080	1 420
Annual Compensation	1 350	1 350
	-	-
	2 430	2 770

31 Directors and Employees

ii) The average number of persons in the company during the year was follows;

	30 June 2025	30 June 2024
Chief and senior executive staff	7	7
Management	57	29
Non-Management	208	197
	272	233

	<u>Notes</u>	Notes	30 June 2025 Birr '000	30 June 2024 Birr '000
31 1 Profit before tax			90 405	82 029
Adjustments for non- cash items:				
Depreciation of property, plant and equip		15	11 197	9 528
Advance profit tax		18	(3 800)	(1 897)
Gain on disposal of PPE.			-	(3 980)
Retirement benefit obligations		23	868	1 065
Impairmnt on Financial assets		9	713	664
Fiar Value adjustment on Equities		1	38 885	-
Changes in working capital:				
Decrease/ (increase) in loans and receivables including insurance		16 3	(6 348)	-
-Decrease/ (Increase) in reinsurance asse		17	46 616	(29 988)
-Decrease/ (increase) in deferred acquisition cost			(4 369)	(4 819)
-Decrease/ (increase) in deferred			3 283	(39)
-Decrease/ (increase) in other assets		18	(50 538)	(6 557)
-Decrease/ (increase) in fixed time deposits		16 3	(73 000)	(83 475)
-Increase/ (decrease) in Insurance			-	88 830
-Increase/ (decrease) in insurance			-	-
-Increase/ (decrease) in other liabilities			-	17 317
			53 913	68 677

32 Contingent liabilities

The Company's contingent liabilities as at the date of this report is Nil 2025 & 2024 respectively

33 Commitments

The Company has no commitments, not provided for in these financial statements as at the date of this report. (30 June 2025)

34 Operating lease commitments - Company as lessee

The Company leases various properties under cancellable operating lease agreements. The lease terms are less than one year.

35 Events after reporting period

In the opinion of the Directors, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Company as at 30 June 2025 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

ANNUAL GENERAL MEETING & PARTNERSHIP PHOTOS



AWRABA MIC .F



ZEMEN MOTERS



ZURI CAPITAL S.C



ANNUAL PERFORMANCE METTING & STAF DAY PHOTOS



KACHA & FINANCIAL FORM PHOTOS



Our Branch Network

No.	Branch	Telephone Land Line	Email
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24	Betel Branch	011 3 69 70 52	betel@lucyinsuranceet.com
25	Bole Bulbula Branch	011 4 70 38 64	bulbula@lucyinsuranceet.com
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27	Lambert Branch	011 6 73 22 28	lamberet@lucyinsuranceet.com
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29	Bulgaria Branch	011 5 30 62 55	bulgaria@lucyinsuranceet.com
30	Meskel Flower Branch	011 4 37 71 00	mf@lucyinsuranceet.com
31	Sebategna Branch	011 2 73 52 46	sebategna@lucyinsuranceet.com

← Addis Ababa
Branch Offices

Outlying Branch Office



No.	Branch	Telephone Land Line	Email
1	Adama Branch	022 1 11 18 53	adama@lucyinsuranceet.com
2	Hawassa Branch	046 2 12 35 71	hawassa@lucyinsuranceet.com
3	Mekelle Branch	034 2 41 61 17	mekelle@lucyinsuranceet.com
4	Wolaita Sodo Branch	046 1 80 88 88	wolaita@lucyinsuranceet.com
5	Bahirdar Branch	058 3 20 51 73	bahirdar@lucyinsuranceet.com
6	Debre Birhan Branch	011 6 37 56 57	debrebirhan@lucyinsuranceet.com
7	Dire Dawa Branch	025 4 11 41 16	diredawa@lucyinsuranceet.com
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13	Shashemene Branch	01114704213	shashemene@lucyinsuranceet.com

የምንሰጣቸው የጠቅላላ መድን ዋስትናዎች

- የንብረት መድን ዋስትና
- የኢንጂነሪንግ መድን ዋስትና
- የሶስተኛ ወገን ኃላፊነት መድን ዋስትና
- የገንዘብ ነክ (ፔኪዮናሪ) መድን ዋስትና
- የሰራተኞች የጉዳት ካሳ ዋስትና በግልም ሆነ በተናጥል
- የጉዞ መድን ዋስትና
- የፖለቲካ አመፅ እና ሽብርተኝነት መድን ዋስትና



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አጋር ዲጂታል የኢንሹራንስና የኦሪገን ብድር
አገልግሎት



በካቻ ዋሌት



ሁሌም ከሳንዎ!
13 Months by your side!

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