

ing place in this context remain key aspects of the product strategy. msg.Insurance Suite is a holistic industrial standard for all sectors of the insurance industry and is therefore a unique overall solution on the market.

The development of the policy management system msg.Life Factory and its components on the basis of innovative, cloud-native architecture remains a core project in terms of products. In 2022, msg life will earmark approximately 11,400 person-days in development capacity for this and for the further convergence of the components of msg.Life Factory into msg.Insurance Suite.

In connection with msg.Insurance Suite, msg life is still experiencing strong market demand with regard to migration. The company is therefore continuing to hone its own expertise in the migration of entire platforms and is focusing on the further acceleration of migration projects through innovative approaches such as AI, automation and expanded correction processes.

In its consulting business, msg life also relies on its unique selling point of being able to transfer tried-and-tested solutions from the msg life product area even to non-product customers more cost-effectively than any of its competitors.

With regard to the ongoing global Covid-19 pandemic, msg life still sees no significant impacts on the operational or economic development of the company, in-

cluding in light of the steps taken by msg life and the development of its business with new and existing customers and projects in the 2022 financial year so far.

In the 2022 financial year, msg life expects Group earnings before interest, taxes, depreciation of property, plant and equipment and amortisation of intangible assets (EBITDA) of between 14.0 and 18.0 million euros and gross Group revenue from its own business of between 165.0 and 180.0 million euros in accordance with German GAAP.

As the holding company, the individual Group company expects a positive result under HGB in the 2022 financial year.

The aforementioned targets are based on circumstances prior to the Russian invasion of Ukraine in February of this year and the resulting economic sanctions against Russia. It is impossible to judge the effects of this crisis on the course of business of the msg life Group in 2022. At the time of preparation of the annual financial statements, however, msg life does not expect any significant changes to its economic or operational development, and is therefore currently not deviating from the above targets for 2022.

Leinfelden-Echterdingen, 14 April 2022
msg life ag



ROLF ZIELKE

Chairman of the Management Board

FRANCESCO CARNEL

Member of the Management Board



ROBERT HESS

Member of the Management Board



MILENKO RADIC

Member of the Management Board



DR WOLF WIEDMANN

Member of the Management Board



Consolidated financial statement

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Consolidated income statement

	2021	2020
	Euro	Euro
1. Sales	193,807,879	187,469,962
2. Increase or decrease in work in progress	-8,531,147	8,368,855
3. Gross income	185,276,732	195,838,817
4. Other operating income	2,033,091	2,630,178
5. Cost of materials		
a) Cost of purchased goods	-62,302	-120,458
b) Cost of purchased services	-44,430,884	-59,531,515
	-44,493,186	-59,651,973
6. Personnel expenses		
a) Wages and salaries	-89,136,256	-90,358,191
b) Social security and pension costs	-16,428,034	-15,203,684
	-105,564,290	-105,561,875
7. Depreciation, amortisation and write-downs on intangible assets and property, plant and equipment	-2,809,185	-3,496,585
8. Other operating expenses	-19,397,979	-18,551,774
9. Operating result/EBIT	15,045,183	11,206,788
10. Other interest and similar income	37,005	135,844
11. Interest and similar expenses	-850,777	-867,029
12. Taxes on income	-2,079,816	-2,087,289
13. Earnings after taxes	12,151,595	8,388,314
14. Other taxes	-9,768	-84,041
15. Net profit/loss for the year	12,141,827	8,304,274
16. Loss carried forward	-22,494,097	-30,798,371
17. Net loss for the year	-10,352,270	-22,494,097

Consolidated cash flow statement

	2021	2020
	Euro	Euro
Net income for the period	12,141,827	8,304,274
+ Depreciation of fixed assets	2,809,185	3,496,585
+/- Increase/decrease in provisions	-2,271,306	5,405,274
+/- Other non-cash expenses and income	286,668	-949,083
-/+ Increase/decrease in inventories, trade receivables and other assets not related to investment or financing activities	-11,315,534	6,768,699
+/- Increase/decrease in trade payables and other liabilities not related to investment or financing activities	4,388,534	-4,909,881
+ Loss from the disposal of subsidiaries	0	156,358
+ Loss arising from the disposal of fixed assets	16,710	203,043
- Income from grants	-54,202	-214,789
+/- Interest expenses/income	823,098	731,185
+/- Income tax expenditure/income	2,079,817	2,087,289
- Income tax payments	-1,509,522	-2,098,679
= Cash flow from ordinary operations	7,395,275	18,980,275
- Cash outflow for investments in intangible fixed assets	0	-1,067
- Cash outflow for investments in tangible fixed assets	-1,351,867	-3,411,267
- Incoming payments due to the disposal of investments as part of the short-term disposition of finance	-11,473,014	-5,795,700
- Cash outflow in connection with the disposal of subsidiaries	0	-88,567
- Cash outflow in order to acquire or create plan assets	-219,893	-46,145
+ Interest received	31,985	178,995
= Cash flow from investment activity	-13,012,789	-9,163,751
+ Incoming payments from grants received	54,202	214,789
- Interest paid	-114,179	-101,380
= Cash flow from financing activities	-59,977	113,409
Net changes in cash and cash equivalents	-5,677,490	9,929,932
+/- Changes in cash and cash equivalents due to exchange rates	627,705	-479,279
+ Cash and cash equivalents at beginning of period	22,904,780	13,454,127
= Cash and cash equivalents at end of period	17,854,995	22,904,780

Consolidated statement of financial position

ASSETS	31.12.2021	31.12.2020
	Euro	Euro
A. Fixed assets		
I. Intangible assets		
1. Franchises, trademarks, patents, licences and similar rights	1,029,822	1,393,289
	1,029,822	1,393,289
II. Property, plant and equipment		
1. Land, leasehold rights and buildings, including buildings on third-party land	532,951	586,856
2. Other fixtures and fittings, tools and equipment	3,530,506	4,518,650
3. Advance payments and plant and machinery in process of construction	25,158	86,002
	5,191,508	4,690,879
III. Financial assets		
Investments	0	2,556
	0	2,556
	5,118,437	6,587,353
B. Current assets		
I. Inventories		
1. Work in progress	31,461,624	39,975,631
2. Advance payments	30,808,854	23,512,900
	62,270,478	63,488,531
3. Advance payments received on account of orders	-54,729,508	-59,164,380
	7,540,970	4,324,151
II. Accounts receivable and other assets		
1. Trade receivables	38,294,703	34,722,326
2. Accounts due from affiliated companies	3,504,482	178,026
3. Other assets	1,684,588	1,398,082
	43,483,773	36,298,434
III. Securities		
Other securities	23,404,293	11,012,441
	23,404,293	11,012,441
IV. Cash on hand, cash in banks and cheques	17,854,995	22,904,780
	92,284,031	74,539,806
C. Prepaid expenses	2,096,077	1,167,368
D. Excess of plan assets over post-employment benefit liability	0	15,334
Total assets	99,498,545	82,309,861

LIABILITIES	31.12.2021	31.12.2020
	Euro	Euro
A. Equity		
I. Subscribed capital	42,802,453	42,802,453
II. Capital reserves	11,704,847	11,704,847
III. Revenue reserves		
1. Legal reserves	3,376	3,376
2. Other revenue reserves	11,786,545	11,786,545
	11,789,921	11,789,921
IV. Equity difference from foreign currency translation	1,637,397	-216,961
V. Net loss for the year	-10,352,270	-22,494,097
	57,582,348	43,586,163
B. Provisions		
1. Provisions for pensions and similar obligations	6,914,871	6,439,327
2. Tax provisions	1,194,508	756,139
3. Other provisions	17,691,944	20,427,918
	25,801,323	27,623,384
C. Liabilities		
1. Trade payables	3,068,109	1,601,945
2. Liabilities to affiliated companies	7,501,865	3,920,843
3. Other liabilities	2,583,556	3,288,090
	13,153,530	8,810,878
D. Deferred income	2,961,344	2,286,369
E. Deferred tax liabilities	0	3,067
Total liabilities and shareholders' equity	99,498,545	82,309,861

Consolidated statement of changes in equity

Consolidated statement of changes in equity 2021

	Subscribed capital	Capital reserves	
	Euro	Euro	
As at 1 January 2021	42,802,453	11,704,847	
Currency translation			
Consolidated annual net income			
As at 31 December 2021	42,802,453	11,704,847	

Consolidated statement of changes in equity 2020

	Subscribed capital	Capital reserves	
	Euro	Euro	
As at 1 January 2020	42,802,453	11,704,847	
Currency translation			
Consolidated annual net income			
As at 31 December 2020	42,802,453	11,704,847	

Parent company shareholders' equity					Group equity
Legal reserve	Revenue reserves	Equity difference from foreign currency translation	Net accumulated losses of the Group	Total	Total
	Other revenue reserves				
Euro	Euro	Euro	Euro	Euro	Euro
3,376	11,786,545	-216,961	-22,494,097	43,586,163	43,586,163
		1,854,358		1,854,358	1,854,358
			12,141,827	12,141,827	12,141,827
3,376	11,786,545	1,637,397	-10,352,270	57,582,348	57,582,348

Parent company shareholders' equity					Group equity
Legal reserve	Revenue reserves	Equity difference from foreign currency translation	Net accumulated losses of the Group	Total	Total
	Other revenue reserves				
Euro	Euro	Euro	Euro	Euro	Euro
3,376	11,786,545	1,693,315	-30,798,371	37,192,165	37,192,165
		-1,910,276		-1,910,276	-1,910,276
			8,304,274	8,304,274	8,304,274
3,376	11,786,545	-216,961	-22,494,097	43,586,163	43,586,163

Notes

I. General remarks

The msg life Group is a leading consulting and software company for the insurance and retirement savings market. Its software solutions primarily support life insurance companies and pension fund institutions in Europe and in particular health and group insurance companies in the United States in the design, implementation and administration of their products.

The headquarters of the msg life Group are at Humboldtstrasse 35, 70771 Leinfelden-Echterdingen, Germany. msg life ag is a joint stock company in accordance with German law. It is listed in the commercial register of the Stuttgart District Court under HRB 731887.

These consolidated financial statements of msg life ag, Leinfelden-Echterdingen, Germany (hereinafter referred to as 'msg life ag'), as at 31 December 2021, encompass the parent company and all of the subsidiaries (hereinafter referred to as the 'msg life Group'). The reporting year corresponds to the calendar year.

On 14 April 2022, the Management Board of msg life ag approved the consolidated financial statements for forwarding to the Supervisory Board, and therefore for publication. The Supervisory Board has the task of examining the consolidated financial statements and declaring whether it approves the consolidated financial statements.

As it has not made use of the exemption in section 291, paragraph 1, of the German Commercial Code (HGB), the company is obliged to prepare consolidated financial statements pursuant to section 290 of the HGB. As at 31 December 2021, the company prepared consolidated financial statements and its condensed management report and Group management report in accordance with German GAAP pursuant to section 290 et seq. of the HGB and section 150 et seq. of the German Stock Corporation Act (AktG).

For reasons of clarity and comprehensibility, all legally prescribed annotations in relation to items in the consolidated statement of financial position and the consolidated income statement are shown in the notes.

The consolidated income statement was prepared according to the total-cost method.

The reporting currency is the euro, and the rounding is done to thousands or millions of euros. This can give rise to rounding differences of up to one arithmetical unit.

The consolidated financial statements are published in the German Federal Gazette (Bundesanzeiger) and deposited with the electronic register of companies under HRB 731 887 at Stuttgart Local Court (Amtsgericht). As at the reporting date, msg life ag is an indirect subsidiary of msg group GmbH, which prepares the consolidated financial statements for the largest number of Group companies.

On 25 September 2020, msg life ag, Leinfelden-Echterdingen, and msg systems ag, Ismaning, signed a control agreement, which was amended on 6 November 2020. The annual general meetings of msg life ag and msg systems approved this control agreement on 10 November 2020 and 18 November 2020 respectively. The control agreement took effect retroactively as of 1 January 2021 when it was entered in the commercial register for msg life ag at the Stuttgart District Court on 20 January 2021.

The global coronavirus pandemic continued unabated in 2021. Looking at the 2021 financial year, however, it is once again evident that the pandemic did not have a significant effect on msg life's business. For this reason – and also because of the steps taken by msg life and the performance of its project business in the current financial year 2022 – the company still sees no significant effects on its operating and financial performance as a result of the Covid-19 pandemic at the time these financial state-

ments were prepared. At this point, we refer to the corresponding statements in the opportunity and risk report of the condensed management and Group management report for the 2021 financial year.

msg life AG and the msg Group company msg nexinsure ag, Ismaning, have been working closely together for many years in the context of the joint solution msg.Insurance Suite. The two companies are now moving even closer together and have had a joint management team with unified responsibilities since 1 February 2021. Additionally, msg life and msg nexinsure have been sharing the new co-brand msg insur:it in the insurance market since December 2021, underlining their leading role as a provider of insurance products. Besides the new co-brand msg insur:it, msg life and msg nexinsure will remain independent legal units.

II. General accounting and valuation methods

The annual financial statements of the subsidiaries included in the consolidated financial statements and of the parent company are prepared according to the following accounting and valuation methods and in compliance with the statutory requirements:

Intangible assets acquired for valuable consideration are valued at original cost less depreciation according to the straight-line method, with a useful life of between three and 15 years. If it is likely to be permanently impaired, it is written down. The goodwill was already fully amortised as at 31 December 2021.

The company has opted not to recognise internally generated intangible fixed assets pursuant to section 248, paragraph 2, sentence 1, of the HGB.

Fixed assets are carried at original cost, less regular linear depreciation in the case of depreciable assets. The useful lives are between three and ten years. Depreciable movable fixed assets that can be used independently and whose (net) costs per individual item exceed 250 euros, but not 800 euros, qualify as low-value assets and are immediately recognised as expenses in the year of acquisition.

Assets with a cost of less than 250 euros are recognised as expenses.

Inventories are measured at historical cost. Apart from the unit costs, the costs of production also include an appropriate proportion of the overhead costs and write-downs. The loss-free valuation rule is observed. Work contracts which extend across multiple financial years are treated as work in progress until the milestone is delivered, fully or in part, to the customer. Advance payments received on account of orders are written off openly from inventories.

Accounts receivable and other assets are valued at their face value as a matter of principle. Receivables with terms exceeding one year are deducted. A lump-sum valuation adjustment amounting to 0.5% of the net accounts receivable is established for the general credit risk and to cover loss of interest, provided that no payments on account have been made.

Marketable securities are recognised at the lower of historical cost or fair value on the reporting date.

Cash in hand, bank balances and cheques are recognised at their nominal amount.

Foreign currency transactions are converted by Group companies on the date on which the transaction is first recognised at the mean spot exchange rate applicable in the month of the transaction. Monetary assets and liabilities in a foreign currency are converted at every reporting date in accordance with section 256a, sentence 2, of the HGB, using the mean spot exchange rate on the relevant reporting date. Differences arising from the settlement or conversion of monetary items are recognised in profit or loss.

The asset and liability items of foreign business operations (with the exception of equity) are converted into euros within the scope of consolidation at the mean spot exchange rate on the respective reporting date in accordance with section 308a of the HGB. Income and expenses are converted at the average exchange rates for the month. Exchange rate volatility and seasonal influences are not taken into account due to immateriality. Any resulting conversion difference is reported in Group equity in the item provided for this purpose. Exchange rate-related differences in the context of receivables and payables and elimination of intercompany profit and loss are also recognised in profit or loss for reasons of simplification.

As accruals, expenses are recognised prior to the reporting date in so far as they represent expenses for a defined period after the reporting date.

Provisions for pensions and similar obligations are measured on the basis of actuarial calculations carried out using the projected unit credit method and with consideration for the 2018 G mortality tables from Professor Heubeck or the BVG 2015 generation tables. The provisions for pensions and other obligations are discounted at the average market interest rate for the preceding ten years published by the German Central Bank for an assumed remaining term of 15 years.

Tax provisions have been set up to the amount of the anticipated tax burden (the settlement amount).

The other provisions are valued at the settlement amount allowing for all discernible risks, expected risks and anticipated increases in prices and costs. Provisions with terms exceeding one year are subject to the deduction of an average market rate of interest for the last seven years that is appropriate for the term of each provision as determined by the German Central Bank (Deutsche Bundesbank). The provision for severance payments is measured using the projected unit credit method. An actuarial interest rate of 1.1 per cent p.a. (previous year: 1.6 per cent p.a.) and a salary increase rate of 2.5 per cent p.a. (previous year: 1.45 per cent p.a.) were used in the calculation on each key date.

Liabilities are valued at the settlement amount on the statement of financial position date.

Advance payments received on account of orders are recognised at their net value. The company has made use of the option provided by section 268, paragraph 5, sentence 2, of the HGB to openly deduct payments received on account of inventories from the line item 'Inventories' on the assets side.

Income received prior to the reporting date is recognised under accruals and deferrals as long as it represents revenue for a specific time after the reporting date.

The deferred taxes are calculated in line with the temporary concept. According to the temporary concept, deferred taxes are formed for all temporary and virtually permanent accounting and measurement differences between the values of assets and liabilities recognised under commercial and tax law.

When the deferred tax assets are determined, deferred tax assets on losses carried forward must be taken into account in the amount of the offset of losses that is to be expected within the next five years. Accordingly, no deferred tax assets were recognised for tax losses on 31 December 2021, taking their realisability into account.

The deferred taxes are determined on the basis of the tax rates which apply or are expected as per the current legal position in the individual countries at the time of realisation. The impact of changes in tax rates on deferred taxes will be posted through profit and loss when the change in the law comes into force.

Deferred tax assets and liabilities are set off against each other.

III. Consolidation group

1. Subsidiary

Subsidiaries are companies over which msg life ag has a direct or indirect controlling influence. msg life ag has a controlling influence over another company when it holds the majority of the voting rights directly or indirectly and has the means of controlling it.

Inclusion in the consolidated financial statements begins at the point in time from which the possibility of control exists and ends when the possibility of control ceases to exist.

As at 31 December 2021, as in the previous year, the following companies were fully consolidated in the Group headed by msg life ag as the parent company:

Company	Sharehold- ing (%)	Abbreviations
msg life central europe gmbh ¹	100	(msg life central europe)
with the subsidiary msg life Slovakia s.r.o., Bratislava (Slovakia) ³	100	(msg life Slovakia)
with the subsidiary msg life Switzerland AG, Regensdorf (Switzerland) ³	100	(msg life Switzerland)
with the subsidiary msg life Austria Ges.m.b.H., Vienna (Austria) ³	100	(msg life Austria)
with the subsidiary msg life Benelux B.V., Amsterdam (Netherlands) ³	100	(msg life Netherlands)
msg life global gmbh ^{1 2}	100	(msg life global)
with the subsidiary FJA-US, Inc., New York (USA) ⁴	100	(FJA-US)
with the subsidiary msg life odateam d.o.o., Maribor (Slovenia) ⁴	100	(msg life OdaTeam)
with the subsidiary msg life Iberia, Unipessoal LDA, Porto (Portugal) ⁴	100	(msg life Portugal)

¹ There are profit and loss transfer agreements with msg life central europe gmbh, Munich, and msg life global gmbh, Munich.

² 98.11 per cent of the shares in msg life global gmbh, Munich, are held by msg life ag, Leinfelden-Echterdingen, and 1.89 per cent are held by msg life central europe gmbh, Munich.

³ This is an indirect equity interest. The shares are held by msg life central europe gmbh, Munich.

⁴ This is an indirect equity interest. The shares are held by msg life global gmbh, Munich.

At all of the subsidiaries, the reporting date corresponds to the Group's reporting date.

msg life central europe gmbh, Munich, and msg life global gmbh, Munich, have made full use of the exemption in section 264, paragraph 3, of the German Commercial Code (HGB) for the 2021 financial year.

2. Consolidation principles

Capital is consolidated according to the purchase method of accounting.

Any difference remaining on the assets side after netting is recognised as goodwill on the assets side and amortised over its conventional useful life of five years.

There is no more goodwill to recognise in the 2021 financial year, following the deconsolidation of the shares in speos GmbH & Co. KG, Munich, and speos Verwaltungs GmbH, Munich, in the previous year.

Receivables and payables are offset in the consolidated financial statements by eliminating the receivables and the corresponding payables between the companies included in the consolidated financial statements.

Expenses and earnings between all included, fully consolidated companies were eliminated.

IV. Notes on the statement of financial position

1. Fixed assets

The development of fixed assets in the financial year and in the previous year, including their breakdown, is presented separately in the consolidated statement of changes in fixed assets (see Appendix to the notes).

The intangible assets are essentially software purchased from third parties.

Intangible assets are amortised on a straight-line basis over an expected useful life. The expected useful life of software purchased from third parties is between three and 15 years.

The disposal in the financial assets concerns an interest in ARGE FJA KR BU-System, Munich, which has not been consolidated. The msg life Group had few means of participating in the financial and business decision-making processes of the company and as such has no significant influence over the company.

2. Inventories

Inventories predominantly include as-yet-uninvoiced sales relating to customer orders. The amount stated includes some fixed-price projects, which have been capitalised while observing the loss-free valuation rule.

Payments on account of unfinished purchased services totalling 28.300 million euros (previous year: 23.105 million euros) are attributable to a major project received in 2018 and have been paid to msg systems ag, Ismaning. These payments made on account are offset by payments totalling 28.888 million euros (previous year: 23.105 million euros) received on account from customers.

Payments received on account of orders totalling 54.730 million euros (previous year: 59.164 million euros) have been offset in full against inventories. This leaves net inventories of 7.541 million euros (previous year: 4.324 million euros).

3. Trade receivables

Trade receivables totalled 38.295 million euros as at 31 December 2021 (previous year: 34.722 million euros). Of this, 38.198 million euros (previous year: 34.576 million euros) are due within one year and 97,000 euros are due within five years.

4. Accounts due from affiliated companies

As in the previous year, the accounts due from affiliated companies of 3.504 million euros as at 31 December 2021 (previous year: 178,000 euros) were due within one year. This increase is due to the continuous expansion of the collaboration between msg life and the msg Group company msg nexinsure.

With regard to the composition of the accounts due from affiliated companies, see section VII. 'Related parties', number 3 'Other transactions with related parties'.

5. Other assets

The other assets which, as in the previous year, are all payable within one year, can be broken down as follows:

	31 December 2021	31 December 2020
	Thousand euros	Thousand euros
Value added tax	954	308
Corporate income tax	303	303
Security deposits	189	171
Trade tax	0	204
Sundry	239	412
Total	1,685	1,398

6. Marketable securities

The US treasury bonds held in current assets at 23.404 million euros (previous year: 11.012 million euros) are short-term investments. In 2021, interest income of 23,000 euros was recognised through profit or loss (previous year: 109,000 euros).

7. Cash on hand, cash in banks and cheques

These are cash in hand, bank balances and cheques totalling 17.855 million euros (previous year: 22.905 million euros).

8. Prepaid expenses and deferred income

In particular, the partial amounts of the maintenance fees and rent for IT equipment paid in the reporting year totalling 2.096 million euros (previous year: 1.167 million euros) that do not give rise to expenditure until the following year are reported under the prepaid expenses of 1.907 million euros (previous year: 869,000 euros).

9. Subscribed capital

As in the previous year, the subscribed capital as at 31 December 2021 totals 42,802,453.00 euros and is fully paid in.

Overall, the subscribed capital is still divided into 42,802,453 no-par-value bearer shares, each representing a computational equity stake of 1 euro. Each share entitles its holder to one vote. No preference shares are issued.

The following authorised capital was available in the period under review:

Authorised capital 2020/I

The annual general meeting on 10 November 2020 authorised the Management Board to increase the company's share capital by 09 November 2025 with the approval of the Supervisory Board by issuing new no-par-value bearer shares against cash contributions or contributions in kind on one or more occasions, albeit by no more than 21,401,226 euros in total (authorised capital 2020/I). The new shares must be offered to the shareholders for subscription; they may also be taken on by banks or by a company which operates in accordance with section 53, paragraph 1, sentence 1 or section 53b, paragraph 1, sentence 1, or paragraph 7 of the German Banking Act (KWG), on condition that the shares are offered to the shareholders for subscription. The Management Board is authorised to exclude the shareholders' pre-emptive rights with the approval of the Supervisory Board and in compliance with the precise regula-