The Board of Directors
DARAG Bermuda Ltd.
The Maxwell Roberts Building, 5th Floor
One Church Street
Pembroke, HM 11
Bermuda

Attention: Mr. Daniel Linden

April 30, 2021

Reference: DLF/JAM/vd.01564368.001

Subject: DARAG Bermuda Ltd.

Dear Recipient,

We enclose one signed copy of the financial statements of DARAG Bermuda Ltd. for the period ended December 31, 2020.

Very truly yours,

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

PricewaterhouseCoopers Ltd., Chartered Professional Accountants, P.O. Box HM 1171, Hamilton HM EX, Bermuda
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DARAG Bermuda Ltd.

Consolidated Financial Statements
As at and for the period ended December 31, 2020
(expressed in U.S. dollars)

Independent auditor's report

To the Board of Directors and Shareholder of DARAG Bermuda Ltd.

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of DARAG Bermuda Ltd. (the Company) and its subsidiaries (together 'the Group') as at December 31, 2020, and their consolidated financial performance and their consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2020;
- the consolidated income statement for the period then ended;
- the consolidated statement of other comprehensive income for the period then ended;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated statement of cash flows for the period then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the consolidated financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants
Hamilton, Bermuda
April 30, 2021

DARAG Bermuda Ltd.
Consolidated Statement of Financial Position
As at December 31, 2020

(expressed in U.S. dollars)

	Notes	2020 $
Assets		
Intangible assets	6	1,205,943
Right of use asset	7	189,332
Available-for-sale investments	8	17,493,357
Deferred acquisition costs	9	1,013,732
Reinsurance and other receivables	10	3,021,929
Other assets	11	158,323
Cash and cash equivalents	12	160,613,324
Total assets		**183,695,940**
Equity		
Share capital	13	120,000
Contributed surplus	13	46,880,000
Accumulated other comprehensive income	13	(16,159)
Retained earnings		12,658,148
Total equity		**59,641,989**
Liabilities		
Technical provisions	14	119,297,836
Unearned premiums	15	4,005,303
Lease liabilities	7	189,332
Reinsurance and other liabilities	16	502,968
Current tax liabilities	21	58,512
Total liabilities		**124,053,951**
Total equity and liabilities		**183,695,940**

Approved by the Board of Directors

Director

Director

The accompanying notes are an integral part of these consolidated financial statements.

DARAG Bermuda Ltd.

Consolidated Income Statement

For the period ended December 31, 2020

(expressed in U.S. dollars)

	Notes	2020 $
Earned premiums – net amount		
Gross premiums written	15, 17	8,612,608
Change in the gross provision for unearned premiums	15, 17	(4,005,303)
		4,607,305
Claims incurred		
Claims paid		
- gross amount		(102,223,525)
		(102,223,525)
Change in the provision for claims		
- gross amount		103,094,698
		103,094,698
Claims incurred	14	**871,173**
Gain on acquisitions, net of transaction costs	22	9,203,325
Acquisition costs	9	(1,166,097)
Technical result		**13,515,706**
Finance income	18	112,468
Finance costs	18	(37,534)
Administrative expenses	19	(873,980)
Profit before tax		12,716,660
Tax expense	21	(58,512)
Profit after tax		**12,658,148**

The accompanying notes are an integral part of these consolidated financial statements.

DARAG Bermuda Ltd.

Consolidated Statement of Other Comprehensive Income

For the period ended December 31, 2020

(expressed in U.S. dollars)

	Notes	2020 $
Profit after tax		**12,658,148**
Items that are or may be reclassified subsequently to profit or loss		
Movement in fair value reserve (available-for-sale investments)		
Net change in fair value	8	(16,159)
		(16,159)
Total other comprehensive expense, net of tax		(16,159)
Total comprehensive income		**12,641,989**

The accompanying notes are an integral part of these consolidated financial statements.

DARAG Bermuda Ltd.

Consolidated Statement of Changes in Equity

For the period ended December 31, 2020

(expressed in U.S. dollars)

	Note	**Share capital** **$**	**Contributed Surplus** **$**	**Accumulated other comprehensive income** **$**	**Retained earnings** **$**	**Total** **$**
Balance as at January 10, 2020		-	-	-	-	-
Total comprehensive income						
Profit after tax		-	-	-	12,658,148	12,658,148
Other comprehensive income						
Change in fair value of available-for-sale investments		-	-	(16,159)	-	(16,159)
Total comprehensive income		-	-	**(16,159)**	**12,658,148**	**12,641,989**
Transactions with the owners of the Company						
Issue of share capital	13	120,000	-	-	-	120,000
Contributed surplus	13	-	46,880,000	-	-	46,880,000
Total transactions with the owners of the Company		120,000	46,880,000	-	-	47,000,000
Balance as at December 31, 2020		120,000	46,880,000	(16,159)	12,658,148	59,641,989

The accompanying notes are an integral part of these consolidated financial statements.

DARAG Bermuda Ltd.

Consolidated Statement of Cash Flows

For the period ended December 31, 2020

(expressed in U.S. dollars)

	Notes	2020 $
Cash flows from operating activities		
Profit after tax		12,658,148
Adjustments for:		
Gain on acquisition, net of transaction costs	22	(9,203,325)
Amortisation	19	39,226
Tax expense	21	58,512
Changes in:		
Deferred acquisition costs	9	(1,013,732)
Reinsurance and other receivables	10	(3,021,929)
Other assets	11	(158,323)
Technical provisions	14	119,297,836
Unearned premiums	15	4,005,303
Reinsurance and other liabilities	16	502,968
Net cash generated from operating activities		123,164,684
Cash flows from investing activities		
Loan issued to affiliates		(12,000,000)
Loan repayment from affiliates		12,000,000
Proceeds from sale of investments		124,192
Acquisition of subsidiaries or contracts, net of cash acquired	22	7,958,156
Acquisition of available-for-sale investments		(17,633,708)
Net cash used in investing activities		(9,551,360)
Cash flow from financing activity		
Proceeds from issuance of shares and contributed surplus	13	47,000,000
Cash generated from financing activity		47,000,000
Net increase in cash and cash equivalents		160,613,324
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of the period	12	160,613,324

The accompanying notes are an integral part of these consolidated financial statements.

(expressed in U.S. dollars)

1. The Company and its activities

DARAG Bermuda Ltd. (the "Company") is an exempted company incorporated on January 10, 2020 and domiciled in Bermuda. The Company is registered as a Class 3A insurer under the Insurance Act 1978. Its registered office is Crawford House, 50 Cedar Avenue, Hamilton, HM 11, Bermuda. The reporting period covered by consolidated financial statements is from January 10, 2020 to December 31, 2020. Subsidiaries of the Company are disclosed in Note 24.

From December 31, 2020 and onwards, the Company's shares are wholly owned by DARAG Holding Guernsey 2 Limited. From inception to December 31, 2020, the Company's shares were wholly owned directly by the DARAG group ultimate parent, DARAG Guernsey Limited (the "Ultimate Parent"). DARAG Holding 2 Limited's is also owned by the Ultimate Parent.

The Company is a leading provider of finality solutions for legacy, non-life reinsurance, in the North American markets.

Coverages

The Company offers an expansive range of reinsurance coverages and during the period either through novation, loss portfolio transfer or acquisition, has assumed the following lines of business:

- Commercial auto
- General liability
- Workers' compensation

2. Basis of preparation

The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. They have been prepared under the historical cost convention, except for investments classified as available for sale, which are recorded at fair value with changes in fair value being recognised directly in equity, and other financial assets and other financial liabilities.

The preparation of consolidated financial statements in accordance 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. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

In accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', in the absence of an IFRS that specifically applies to the measurement of Reinsurance Contract Liabilities, management has used its judgement in developing and applying an accounting policy based on the most recent pronouncements of another standard-setting body that uses a similar conceptual framework to develop accounting standards as that used by the International Accounting Standards Board ("IASB"). Management has accordingly developed an accounting policy pertaining to Reinsurance Contract Liabilities based on the guidance within United States Generally Accepted Accounting Principles ("US GAAP").

As recommended by IAS 1, assets and liabilities are generally classified on the consolidated statement of financial position in increasing order of liquidity, which is more relevant for financial service companies than a classification between current and non-current items.

(expressed in U.S. dollars)

2. *Basis of preparation (continued)*

The consolidated financial statements have been prepared using the going concern basis of accounting. The Company has a strong deal pipeline and the necessary capital commitment to take advantage of this. The Company is well capitalised and has sufficient assets to meet its liabilities.

(i) **Standards, amendments to published standards and interpretations that are effective and have been adopted by the Company**

- Amendments to IAS 7, "Statement of Cash Flows," effective January 1, 2019. This amendment requires disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
- In January 2016, the IASB issued IFRS 16 which sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces IAS 17, Leases. The new standard removes the current requirement of classifying leases as finance or operating leases by introducing a single lessee accounting model. Under the new model, the lessee will be required to recognise a right of use asset and a lease liability for the lease component of future payments. The only exceptions are short-term and low- value leases. Depreciation of the right-of-use assets is presented under 'Administration expense' in profit or loss.

(ii) **Standards, amendments to published standards and interpretations early adopted by the Company**

The Company did not early adopt any standards, amendments to published standards or interpretations.

(iii) **Standards, amendments and interpretations to existing standards, expected to apply to the Company, that are not yet effective and have not been early adopted by the Company:**

- IFRS 17, "Insurance Contracts," is the new standard on accounting for insurance contracts and replaces IFRS 4, Insurance Contracts. IFRS 17 is effective for annual periods beginning on or after January 1, 2023. The Company is currently working on implementing this standard.
- Amendments to IFRS 9, 'Financial instruments – classification and measurement', effective January 1, 2020. This new standard will replace IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. It also includes guidance on financial liabilities and derecognition of financial instruments. With the adoption of this standard, the Company expects changes to the classification and measurement of the financial instruments, the exact extent of which cannot be determined at this time as permitted under this standard. IFRS 9 has been deferred and shall only be adopted by the Company when IFRS 17 is also adopted.
- Amendments to IFRS 7, 'Financial instruments – Disclosure', this amendment will require additional disclosures on transition from IAS 39 to IFRS 9 and is effective on adoption of IFRS 9.

The above standards will be adopted when they become effective.

3. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the entire period presented, unless otherwise stated.

The consolidated financial statements are for the group consisting of the Company and its subsidiaries. All subsidiaries within the Company are wholly owned. Further details of the subsidiaries of the Company are disclosed in Note 24.

(a) **Consolidation**

i) *Business combinations*

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. The fair values of each of the acquired reinsurance assets and liabilities are derived from probability-weighted ranges of the associated projected cash flows, based on the actuary's workings and the Company's strategy.

Goodwill is initially measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Conversely, any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognised in profit or loss.

ii) *Subsidiaries*

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases.

iii) *Loss of control*

When the Company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and any other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(expressed in U.S. dollars)

3. Summary of significant accounting policies (continued)

(a) **Consolidation (continued)**

iv) *Transactions eliminated on consolidation*

Upon consolidation all intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Company, are eliminated in full. Unrealised profits and losses from intercompany transactions that are recognised in assets are also eliminated in full. Inter-company losses that indicate impairment are recognised in the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company. The annual financial information of the consolidated subsidiaries are subject to uniform accounting policies.

v) *Functional and presentational currency*

Items included in the consolidated financial information of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in U.S. dollars, which is the functional currency of the Company.

vi) *Transactions and balances*

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit or loss.

However, when a gain or loss on a non-monetary item is recognised in other comprehensive income (such as available-for-sale equity instruments), any exchange component of that gain or loss is recognised in other comprehensive income.

(b) **Reinsurance contracts**

i) *Classification*

The Company assumes reinsurance contracts that transfer significant reinsurance risk. As a general guideline, the Company defines significant insurance risk as the possibility of having to compensate the reinsurer or cedant if a specified uncertain future event (the insured event) adversely affects the reinsurer or cedant.

The essence of the Company's business model is technical finality for non-life reinsurance, also referred to as runoff business.

(expressed in U.S. dollars)

3. Summary of significant accounting policies (continued)

(b) Reinsurance contracts (continued)

i) Classification (continued)

The Company classifies its reinsurance transactions as follows: 1) acquisition of a reinsurance entity, 2) assumption of reinsurance through novation and 3) retroactive reinsurance through loss portfolio transfer or other reinsurance policy. Each transaction is assessed individually to determine whether it meets the definition of a business combination (Note 5). Where the transaction does not meet the definition of a business combination the Company applies the most appropriate accounting dependent on the nature of the transaction.

ii) *Recognition and measurement*

Premiums written

Premiums written relate to retroactive reinsurance written during the year, together with any differences between booked premiums for prior years and those previously accrued and include estimates of premiums due but not yet receivable or notified to the Company, less an allowance for cancellations.

Unearned premium

Unearned premiums represent the proportion of retroactive reinsurance premium written in that year, which relates to unexpired terms of loss portfolio transfer or reinsurance agreements at the end of the reporting period.

Retroactive reinsurance

Under retroactive reinsurance, the Company assumes liabilities incurred as a result of past insurable events. A reinsurance liability is established equal to any loss reserves assumed. Consideration received in excess of estimated liabilities assumed is recognised as unearned premium at inception of such contracts. Unearned premium is subsequently amortised using the effective interest method over the estimated remaining claims settlement pattern. Subsequent changes to the estimated timing and amount of loss payments are applied retrospectively and reflected in profit or loss in the year in which the changes are made. Where the consideration received is less than the estimated liabilities assumed, the difference is charged to profit or loss.

Acquisition costs

Commissions and other external acquisition costs that vary with and are related to securing reinsurance contracts are deferred over the period in which the related premiums are earned. These are capitalised and shown as deferred acquisition costs ("DAC") in the consolidated statement of financial position. DAC are amortised over the term of the contracts as the premium is earned. All other costs are recognised as expenses when incurred.

Claims incurred

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to reinsurers or cedants. They include direct and indirect claims settlement costs arising from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company.

(expressed in U.S. dollars)

3. Summary of significant accounting policies (continued)

(b) **Reinsurance contracts (continued)**

ii) *Recognition and measurement (continued)*

Claims incurred (continued)

Liabilities for unpaid claims consist of reported claims and IBNR. The IBNR is estimated by actuarial statistical analyses and appreciation of individual claims circumstances by claims experts. Unpaid claim amounts depend on various factors that may be affected by external factors (such as jury decisions, legislative changes, public attitudes, inflation etc.).

Claims incurred include claims expenses paid during the financial year as well as changes in the provision for outstanding claims.

The provision for outstanding claims includes obligations arising from reinsurance contracts where the size of the claim and/or the timing of the payment is still uncertain. The provision pertains to:

- known claims for which the provision is based on individually determined case estimates;
- claims whose occurrence is not yet known (e.g., they have been incurred but not yet been reported or have not yet manifested themselves); and
- claims which are known but whose extent may turn out to be greater than originally foreseen (incurred but not enough reported).

Provisions include expenses for internal and external loss adjustments. The provision for outstanding claims is based on estimates and the actual payments may be higher or lower. The amounts recognised are the realistically estimated future amounts to be paid. They are calculated on the basis of past experience and assumptions about future developments (e.g., social, economic or technological factors).

Future payment obligations are not discounted. For determining the provision for outstanding claims, the Company uses a range of actuarial projection methods, including the chain ladder and other accepted methods. Specifically, for runoff claims, the standard actuarial methods used are applied both to the runoff triangles for the payments and to the runoff triangles for the reported claims, so that a range of estimates for the ultimate loss is attained. The realistic estimated value for the ultimate loss is determined from within this range.

Provisions also include unallocated loss adjustment expenses (“ULAE”). The Company uses a mixture of either actuarially driven methods (in line with actual methods described above) or internally estimated provisions if the actual ULAE costs are not known. The Company has differing portfolios making use of both internal and also outsourced claims management which gives rise to differing treatments for ULAE provisions.

Liability adequacy test

At the end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities, net of related DAC. Provision in the form of an unexpired risk provision will be made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses.

Expected claim and expenses include expected claim costs and claim adjustment expenses, deferred acquisition costs and maintenance costs. Maintenance costs are defined as costs associated with maintaining records relating to reinsurance contracts and with the processing of premium collections and commissions and exclude non-directly attributable administrative expenses.

(expressed in U.S. dollars)

3. Summary of significant accounting policies (continued)

(b) **Reinsurance contracts (continued)**

ii) *Recognition and measurement (continued)*

Receivables and payables related to reinsurance contracts

Receivables and payables are recognised when due. These include amounts due from and to reinsurers and cedants. If there is objective evidence that a reinsurance receivable is impaired, the Company reduces the carrying amount of the reinsurance receivable accordingly and recognises that impairment loss in profit or loss. The Company gathers the objective evidence that a reinsurance receivable is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method. These processes are described in Note 3.

Salvage and subrogation reimbursements

Some reinsurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Salvage property is recognised when recoverability is confirmed, and the respective liability is settled.

Deposit accounting

Reinsurance contracts are assessed to ensure that insurance risk is transferred by the ceding or assuming company to the reinsurer. Those contracts that do not transfer reinsurance risk are accounted for using the deposit method. The deposit method of accounting is applied to reinsurance contracts that do not indemnify the ceding company or the Company against loss or liability relating to reinsurance risk. Under the deposit method of accounting, the deposit asset or liability is initially measured based on the consideration paid or received less any explicitly identified premiums or fees to be retained by the ceding or assuming enterprise, irrespective of the experience of the contract. For contracts that transfer neither significant timing nor underwriting risk, and contracts that transfer only significant timing risk, changes in estimates of the timing or amounts of cash flows are accounted for by recalculating the effective yield. The deposit is then adjusted to the amount that would have existed had the new effective yield been applied since the inception of the contract. Changes in the carrying amount of the deposit are reported as interest income or interest expense. For contracts that transfer only significant underwriting risk, once a loss is incurred, the deposit is adjusted by the present value of the incurred loss. At each subsequent balance sheet date, the portion of the deposit attributable to the incurred loss is recalculated by discounting the estimated future cash flows.

(c) **Finance income and finance expenses**

i) *Finance income*

Finance income primarily consists of interest income on debt securities and on loans and receivables, gains on disposal of investments and fair value gains other than those arising from unrealised components of available-for-sale instruments which are recognised in other comprehensive income. Interest income from investments not measured at fair value through profit or loss is recognised using the effective interest method.

(expressed in U.S. dollars)

3. Summary of significant accounting policies (continued)

(c) **Finance income and finance expenses (continued)**

ii) *Finance expense*

Finance expenses consist of costs relating to investment management services, losses on disposal of investments, impairment of investments, interest expense on leases and other fair value losses. These expenses are recognised on an accrual basis. Cost and expenses are recognised in profit or loss upon utilisation of goods or services or at the date they are incurred.

The Company leases various offices in North America. Rental contracts are typically made for fixed periods of 2 to 10 years. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(d) **Leases**

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date amounts expected to be payable by the Company under residual value guarantees the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses as a starting point third-party financing rate applicable had the Company received financing and makes adjustments specific to the lease such as the lease term.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(expressed in U.S. dollars)

3. Summary of significant accounting policies (continued)

(d) **Leases (continued)**

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received (if any), any initial direct costs and restoration costs.

(e) **Intangible assets**

Fair value adjustment of reinsurance liabilities upon acquisition

Under IFRS3 Business Combinations, the Company applies the expanded presentation method, which presents the fair value of the reinsurance liabilities into two components:

1) The reinsurance liability measured in accordance with Company policy. The Company and Ultimate Parent present technical provisions and reinsurance liabilities on an undiscounted basis.
2) An intangible asset, representing the difference between the value of the reinsurance liability measured per the accounting policy as described above and the discounted fair value of that liability.

The intangible asset arising upon the expanded presentation under IFRS3 is amortised in line with the underlying claims payment pattern of the acquired reinsurance liabilities.

(f) **Financial Instruments**

i) *Classification*

The Company classifies its financial assets into the following categories: available-for-sale financial assets and loans and receivables. The classification is determined by management at initial recognition and depends on the purpose for which the investments are acquired.

The Company classifies its financial liabilities into other liabilities.

All notes in the consolidated financial statements disclose whether financial instruments are current or non-current in nature. Current refers to maturities or payments within 12 months or less of the date of these consolidated financial statements and non-current refers to maturities or payments greater than 12 months.

ii) *Available-for-sale financial assets*

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Gains or losses arising from changes in the fair value are recognised as follows:

- for available-for-sale financial assets that are monetary securities denominated in a foreign currency - translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other non-monetary securities classified as available-for-sale in other comprehensive income.

(expressed in U.S. dollars)

3. Summary of significant accounting policies (continued)

(f) Financial Instruments (continued)

ii) *Available-for-sale financial assets (continued)*

Available-for-sale investments are also subject to impairment assessment.

iii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or available-for-sale. The Company's loans and receivables comprise reinsurance and other receivables, funds withheld, accrued interest, prepayments and cash and cash equivalents in the consolidated statement of financial position.

iv) *Other liabilities*

Other liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. The Company's other liabilities comprise reinsurance and other liabilities and lease liabilities in the consolidated statement of financial position.

v) *Financial assets – recognition and measurement*

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available-for-sale financial assets are subsequently carried at fair value through other comprehensive income. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any differences between the initial and maturity amounts using the effective interest method. Loans and receivables are reviewed for impairment assessment.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership or has not retained control of the financial asset.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss. On disposal, the difference between the net disposal proceeds and the carrying amount is included in profit or loss.

vi) *Financial liabilities - recognition and measurement*

All financial liabilities are initially recognised on the trade date when the entity becomes party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities are recognised initially at fair value, net of directly attributable transaction costs. Financial liabilities are subsequently stated at amortised cost, using the effective interest method.

(expressed in U.S. dollars)

3. Summary of significant accounting policies (continued)

(f) Financial Instruments (continued)

vi) *Financial liabilities - recognition and measurement (continued)*

Financial liabilities are derecognised from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

vii) *Offsetting financial instruments*

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

viii) *Cash and cash equivalents*

Cash and cash equivalents are stated at face value and include deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(g) Impairment

i) *Impairment of non-financial assets*

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets (other than goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

ii) *Impairment of financial assets*

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In the case of fixed-interest securities and loans and receivables, the main basis for establishing impairment is an indication of substantial financial difficulty on the part of the issuer, the current market situation or media reports on the issuer.

(expressed in U.S. dollars)

3. Summary of significant accounting policies (continued)

(g) Impairment (continued)

iii) *Assets carried at amortised cost*

For loans and receivables, 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

iv) *Assets classified as available-for-sale*

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income - is removed from equity and recognised in profit or loss. If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(h) Current and deferred taxation

Current and deferred income tax expense related to those subsidiaries that operate in certain tax jurisdictions is allocated to profit and loss. Current income tax expense is recognised and measured on taxable profit for the period based on tax laws and rates enacted or substantively enacted at the period end reporting date and include any adjustments to tax expense in respect of prior periods of subsidiaries. Deferred tax is recognised on temporary differences between the carrying value and tax basis of the assets and liabilities in the consolidated statement of financial position. Deferred tax assets are recognied to the extent that realizing the related tax benefit through future taxable profits is probable.

(i) Equity

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Equity consists of share capital, contributed surplus, retained earnings and accumulated other comprehensive income.

Share capital represents the par value of the shares issued.

Contributed surplus include any amounts contributed by the shareholders.

Accumulated other comprehensive income consists of unrealised gains and losses from changes in the fair value of available-for-sale financial assets.

(expressed in U.S. dollars)

3. Summary of significant accounting policies (continued)

(i) **Equity (continued)**

Retained earnings represent all current period results of operations as reported in the consolidated income statement.

(j) **Employee benefits**

The Company pays fixed contributions into a defined contribution plan. The defined contribution plan is a pension plan with an external entity. The Company has no legal or constructive obligation 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 Company pays contributions into privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expenses when they are due.

4. Critical accounting estimates and judgements in applying accounting policies

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be adjusted due to estimates and assumptions turning out to be materially different when compared to actual results. The only accounting estimates and judgements made in the course of preparing these consolidated financial statements which are difficult, subjective or complex to a degree that would warrant their description as critical in terms of IAS 1 are the estimates of the ultimate liability arising from claims made under reinsurance contracts.

i) *The ultimate liability arising from claims made under reinsurance contracts*

The estimation of the ultimate liability arising from claims made under reinsurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. The use of estimates for measuring technical provisions is of substantial significance given that measurement is invariably based on valuation models and the development of future cash flows from reinsurance contracts cannot be accurately predicted. The Company has applied conventional statistical models in order to determine the ultimate liability of claims as further described in Notes 5 and 14.

ii) *Business combinations*

Whether a deal meets the criteria of a business combination under IFRS3 is also a critical accounting judgement. Where it can be demonstrated that a deal transfers sufficient input, process and output to give the Company economic benefit of the deal, the deal is accounted for as a business combination in accordance with IFRS 3.

(expressed in U.S. dollars)

5. Management of reinsurance and financial risk

The Company's business activities reflect the assumption of risks, being mainly reinsurance and financial risks. This section summarises the significant risks and the way the Company manages them.

(a) Reinsurance risk

The risk under any one reinsurance contract is the possibility that the reinsured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of a reinsurance contract, this risk is random and therefore unpredictable. The terms and conditions of the contracts set out the basis for the determination of the Company's liability should the reinsured event occur. The risks underwritten include motor (including third party liability), accident and health, transport, fire and other damage to property and liability.

Reinsurance risk refers to the risks spanning many aspects of the Company's operations, including underwriting risk and reserving risk. This note contains information pertaining to the frequency and severity of claims, sources of uncertainty in the estimation of future claim payments, management's processes in managing uncertainty and the sensitivity to changes in assumptions.

Underwriting risk is an important source of risk in the Company's active underwriting operations. Underwriting risk is defined as the risk that the total cost of claims, claims adjustment expenses and premium acquisition expenses will exceed premiums received and can arise as a result of numerous factors, including pricing risk, reserving risk and catastrophe risk. Underwriting risk management strategies may differ depending on the line of business involved and the type of account being reinsured. The Company's strategy ensures that the risks underwritten are well diversified.

Reserving risk is a significant risk to the Company directly impacting the Company's financial performance and capital requirements. Reserving risk arises because actual claims experience can differ adversely from the assumptions included in setting reserves. This could occur because the frequency or severity of claims and benefits are greater than estimated. Reinsurance events are random and the actual number and amount of claims and benefits may vary from the estimate established using statistical techniques. Factors that aggravate reinsurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The time required to identify and settle claims is an important consideration in establishing the Company's reserves. Short-tail claims, such as property, automobile and motor are normally reported soon after the incident and are generally settled within months of the incident. Long-tail claims are considered by the Company to be those that often take years to develop and settle, such as general liability, workers' compensation, product liability, professional liability and motor claims including bodily injury. For such claims, information concerning the loss event may not be readily available. Accordingly, the reserving analysis of long-tail claims is more difficult and is subject to greater degree of uncertainty than for short-tail claims. The Company uses specialised techniques to estimate and evaluate the amount of reserves.

The Company is liable for all reinsured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term.

Reserving risk is managed through an appropriate reserving methodology and the performance of extensive due diligence on new portfolio and acquisitions, in determining best estimates prior to acceptance. The reserving calculations are performed by the affiliated service entity's actuarial teams and supplemented with external actuarial reviews through both planned and ad-hoc reviews. The Company's risk strategy therefore focuses on the review, assessment and management of claims provisions and settlements.

(expressed in U.S. dollars)

5. Management of reinsurance and financial risk (continued)

(a) **Reinsurance risk (continued)**

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposures, including direct claim expenses. The determination of technical provisions follows a best estimate approach, which entails the projection of future cash flows expected to materialise upon the final settlement of all further obligations. They depend on future developments and are uncertain in several aspects. In particular, any future unforeseen changes in legal or regulatory frameworks cannot be predicted from previous data.

To assess the uncertainty in the models and methods used for calculating the best estimate, the Company uses several different techniques (depending on the type of risk):

- Consideration of the impact of using different reserving methods based on triangulated data, such as using paid or incurred data and applying different tail assumptions; and/or
- Comparison of the actual cash flows against the previously estimated cash flows.

The Company's methods for managing uncertainty include:

- Individual claims reviews, leading to a better understanding of underlying risk and current development;
- Intense exchanges with the claims department, resulting in detailed knowledge on individual claims in the actuarial department; and
- Regular financial reporting, which highlights significant developments in a timely manner.

Furthermore, in relation to specific classes of business, the Company assesses uncertainty on individual claims assessments and different scenario assessments.

The following table shows the distribution of the loss reserves by line of business:

	$
Technical provisions for open claims:	
Commercial auto	61,894,656
General liability	21,553,309
Workers' compensation	35,849,871
Total	119,297,836

In order to stress the net result for the reporting year, the net technical provisions were increased and decreased by 2.5%. The table below discloses changes in the net Company result.

	Change in profit or loss (pre tax) $
Reserves +2.5%	(2,982,446)
Reserves – 2.5%	2,982,446

(expressed in U.S. dollars)

5. Management of reinsurance and financial risk (continued)

(b) **Financial risk**

The Company is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to manage and control risk exposures within acceptable parameters, while optimising the investment return.

i) *Market risk*

The key element of market risk for the Company is interest rate risk. The sensitivity analysis below illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. The Company does not have any significant exposure to foreign currency risk and as Management assesses there is minimal risk of significant losses due to exchange rate fluctuations, the Company does not hedge its foreign currency exposure.

Financial instruments carrying variable rates expose the Company to cash flow interest rate risk. Financial instruments carrying fixed rates expose the Company to fair value interest rate risk. The Company manages this risk by implementing detailed investment guidelines and through the Ultimate Parent's investment committees. The interest-rate profile of the Company's interest-bearing financial instruments is as follows:

	$
Fixed-rate instruments	
Available-for-sale investments	17,493,357
Deposits retained on assumed reinsurance	1,261,678
	18,755,035
Variable-rate instruments	
Cash	5,110,388
Cash equivalents	155,502,936
	160,613,324

The Company's main interest rate risk arises from variable returns on cash and cash equivalents due to the continued low interest rate environment yielding poorer investment returns. The Company outsources its investment management function to external investment managers who are involved in the evaluation of risks and report on these to the Company on a regular basis. Management receives and monitors quarterly stress tests from the investment managers.

The Company is also exposed to interest risk from fixed-income available-for-sale financial assets, which expose the Company to fair value interest rate risks. In addition, the Company is exposed to reinvestment risk whereby the maturing investments and cash may be reinvested at lower yields.

(expressed in U.S. dollars)

5. Management of reinsurance and financial risk (continued)

(b) Financial risk (continued)

i) *Market risk (continued)*

Fixed-rate investments subject to fair value interest rate risk and their maturities are analysed below:

	$
Fixed-rate instruments	
Due within one year	5,355,353
More than one year, up to two years	3,046,900
More than two years, up to three years	6,396,078
More than three years, up to four years	1,309,854
More than four years, up to ten years	-
More than ten years	1,385,172
Total	17,493,357

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss. A change of 25 basis points in interest rates would have increased or decreased equity by $314,446. This analysis assumes that all other variables remain constant.

Cash flow sensitivity analysis for variable-rate instruments

A change of 25 basis points in interest rates would have increased profit by $172,234 or decreased profit by $12,959.

ii) *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:

- Available-for-sale investments
- Reinsurance and other receivables
- Cash and cash equivalents

The Company's policy is to maintain a broad mix of diversified assets in order to minimise concentration risk. Concentration risk is limited by a system of limits and thresholds and by the Company's investment guidelines which are continuously monitored.

Default risks from reinsurance contracts relate mainly to receivables from cedants and receivables from reinsured parties. The latter are assumed by the Company in the course of loss portfolio transfers and largely concern recourse claims. The collection process is monitored closely in order to mitigate this risk.

When entering into reinsurance contracts in the course of loss portfolio transfers or company takeovers, the credit rating of the reinsurer is analysed as part of due diligence. Where appropriate or meaningful from a risk or business perspective, targeted loss adjustments are made, or additional reinsurance cover is purchased from companies with good credit ratings.

(expressed in U.S. dollars)

5. Management of reinsurance and financial risk (continued)

(b) **Financial risk (continued)**

ii) *Credit risk (continued)*

Reinsurance can be used to manage insurance risk, although the Company currently has no outwards reinsurance policies placed during period. However, the Company policy on placing outwards reinsurance contracts is that these are to be with listed multinational reinsurance companies with high credit ratings (not less than 'A-').

The Company's management also monitor issuer risk, that is, the risk of a decline in the credit rating or the default of an issuer of securities and/or credit institutions. In addition to mixing and diversifying its investments, the Company minimises default risk by investing in securities rated investment grade or higher and by means of a risk-appropriate selection of issuers.

The Company has a target average minimum rating of 'A-' for its portfolio of tied assets. Risks are monitored in the course of investment management.

Exposure

Maximum exposure to credit risk:

	$
Available-for-sale investments	17,493,357
Reinsurance and other receivables	3,021,929
Other assets	158,323
Cash and equivalents	160,613,324
Total	181,286,933

The maximum exposure to credit risk at the reporting period in respect of the financial assets mentioned above is equivalent to the gross carrying amount. These assets are analysed in the table below using Fitch's credit ratings or equivalent:

	$
Available-for-sale investments	
AAA	1,385,172
AA	536,895
A	15,571,290
Total	17,493,357

(expressed in U.S. dollars)

5. Management of reinsurance and financial risk (continued)

(b) Financial risk (continued)

ii) *Credit risk (continued)*

	$
Reinsurance and other receivables	
AA	1,261,678
Receivables from cedants	1,760,251
Total	3,021,929

The balance of receivables from cedants does not give risk to credit or liquidity risks in line with the terms and conditions of the underlying contract (Note 10).

	$
Other assets	
AA	86,578
Not rated	71,745
Total	158,323

	$
Cash and cash equivalents	
AA	156,526,973
A	4,081,220
Not rated	5,131
Total	160,613,324

Impairment of financial assets

Amounts above are shown net of impairment allowance on reinsurance and other receivables at the reporting date amounting to $nil. All amounts past due but not impaired receivables are expected to be recovered in the normal course of business.

Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The ageing of reinsurance and other receivables is analysed as follows:

	$
Not past due	2,143,910
Past due but not impaired up to 3 months	878,019
Total	3,021,929

(expressed in U.S. dollars)

5. Management of reinsurance and financial risk (continued)

(b) **Financial risk (continued)**

ii) *Credit risk (continued)*

COVID-19 pandemic

During the period, the Company has operated throughout the COVID-19 pandemic. This pandemic has affected all aspects of personal and professional lives, the health of the world's population, global economic development and the financial markets. Notwithstanding the uncertainties created, the Company and its Ultimate Parent were prepared and reacted to this situation both in terms operations and capital position. The Company and its Ultimate Parent invoked their business continuity plan at an early stage and all employees were operating remotely from home without any major issues. This ensured safety for all the employees and working ability under stressed circumstances.

The pandemic crisis has had a limited negative impact on the Company's business operations and no impact on the investment portfolio given the timing of investment deployment. The Company does not anticipate that the pandemic will have any negative impact on deal flow. COVID-19 may even drive more portfolios into the legacy market, and the Company expects this will be through a combination of novations, reinsurance and company acquisitions.

iii) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which principally comprise technical provisions and reinsurance and other payables.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due. Given the nature of its business model, the Company, in contrast to conventional reinsurers, does not receive a continuous supply of liquidity from regular premium income. Therefore, particular attention is paid to liquidity. In general, the Company manages the liquidity risk by means of a liquidity plan on a rolling basis. The weighting of all immediately tradeable investments in relation to the overall portfolio is also regularly monitored. The necessary liquidity is assured by means of a balanced maturity profile for investments.

There are three main ways to generate liquidity for the Company: capital increase, covering assets of new acquisitions and selling/maturity of existing investments. The maturity structure of the Company's financial assets is short term, as the Company needs liquidity to meet costs and to settle claims. Liquidity is also a major requirement of transferring new portfolios or acquiring whole companies. The Company uses ongoing integrated liquidity planning to ensure that all claims and costs are covered at all times and to reach the goals in growth by acquiring new portfolios.

The following table shows the expected maturity of the Company's technical provisions and unearned premiums:

	Technical provisions	**Unearned premiums**
Up to one year	48.0%	51.1%
Over one year and up to five years	38.5%	47.6%
Over five years and up to ten years	7.1%	1.3%
Over ten years and up to fifteen years	3.1%	0%
Over fifteen years	3.3%	0%

(expressed in U.S. dollars)

5. Management of reinsurance and financial risk (continued)

(b) **Financial risk (continued)**

iii) *Liquidity risk (continued)*

The expected timing of payments from the provisions for outstanding claims may involve considerable uncertainty.

All other liabilities included in the consolidated statement of financial position mature within one year, unless otherwise stated (Notes 15 and 16).

Capital management

The Company's objectives when managing capital are to comply with the insurance capital requirements applicable, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. The Company's capital structure is monitored with appropriate reference to its financial condition and prospects.

Under the Insurance Act 1978 (the "Act"), the Company is required to prepare and file Statutory Financial Statements and a Statutory Financial Return. The Act requires the Company to maintain certain measures of liquidity, which were met during the year, and to maintain a minimum statutory capital as detailed below:

	$
(a) Statutory capital and surplus	58,407,362
(b) Minimum statutory capital and surplus required by The Act	14,120,858

Fair value hierarchy

A number of the Company's accounting policies and disclosures require the measure of fair value for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels of fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

(expressed in U.S. dollars)

5. Management of reinsurance and financial risk (continued)

(b) Financial risk (continued)

iii) *Liquidity risk (continued)*

If inputs from different levels are used to measure an instrument, the lowest level input that is significant to the measurement is used to categorise the fair value measurement in its entirety. Allocation to the fair value hierarchy levels is reviewed at a minimum at the end of each reporting period. Transfers are shown as if they had taken place at the beginning of the financial period.

There are no financial liabilities measured at fair value.

In the case of Level 1, a market is deemed active if transactions take place with sufficient frequency and in sufficient quantity for price information to be available on an ongoing basis. Since a quoted price in an active market is the most reliable indicator of fair value, this should always be used if available. The financial instruments allocated to this level would comprise of equities and equity funds for which either a stock market price is available, or prices are provided by a price quoter on the basis of actual market transactions. There are no investments that were included within Level 1 during the period.

In the case of Level 2, the inputs used for valuation of financial instruments with a fixed-contract period must be observable during the full period of such contracts. Furthermore, the investments for which prices are provided by price quoters, but for which there is no proof that these are based on actual market transactions, are also allocated to this level.

In the case of Level 3, the inputs used reflect the Company's assumptions regarding the factors that market players would consider in their pricing. These investments are mainly measured using valuation models and techniques. There are no investments that were included within Level 3 during the period.

The following table shows the carrying amounts and fair values of financial assets and their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1 $	$ Level 2 $	Level 3 $	Carrying amount $
Investments measured at fair value				
Available-for-sale investments				
Fixed-income securities	-	17,493,357	-	17,493,357
Total	-	17,493,357	-	17,493,357
Portfolio composition	0%	100%	0%	100%

Most of the securities classified as Level 2 are bonds where the source for fair value is not prices quoted directly in active markets, but prices sourced from Bloomberg using interest rate curves.

(expressed in U.S. dollars)

6. Intangible assets

	$
December 31, 2020	
Opening carrying balance	-
Acquisition of subsidiaries or reinsurance contracts	1,245,169
Amortisation	(39,226)
Closing carrying balance	1,205,943
At December 31, 2020	
Cost	1,245,169
Accumulated amortisation	(39,226)
Net carrying amount	1,205,943

Intangible asset arose from the fair value discount of acquired technical provisions of $59,586,207 during the period.

Intangible assets are non-current in nature.

7. Right of use asset and lease liability

	$
December 31, 2020	
Opening carrying balance	-
Arising out of acquisition of subsidiaries	189,332
Depreciation	-
Closing carrying balance	189,332
At December 31, 2020	
Cost	189,332
Accumulated depreciation	-
Net carrying balance	189,332

Office buildings are non-current in nature.

(expressed in U.S. dollars)

7. Right of use asset and lease liability (continued)

The consolidated statement of financial position shows the following amounts relating to leases:

	$
Right-of-use asset	
Arising out of acquisition of subsidiary - buildings	189,332
Balance at December 31, 2020	189,332
Lease liabilities	
Current	74,027
Non-current	115,305
	189,332

The property lease was acquired through the acquisition of a subsidiary, SunPoint Insurance Service Corporation ("SISC"). Due to the small size of the lease obligations and the acquisition date of November 23, 2020, no depreciation or interest have been charged in the consolidated income statement. The lease relates to office premises in the US.

SISC has the option to renew the lease at the end of the term on August 1, 2023 for a further five years. There are no termination options.

8. Available-for-sale investments

	Cost or amortised cost $	Unrealised gains $	Unrealised losses $	Fair value $
Debt securities				
Quasi-government debt securities	1,390,726	3,063	(8,617)	1,385,172
Corporate debt securities	16,117,790	4,706	(15,311)	16,108,185
Total	17,508,516	7,769	(23,928)	17,493,357

Available-for-sale investments are principally non-current in nature. Unrealised losses comprise $9,300 current and $14,628 non-current. Unrealised gains are all non-current.

The Company has assessed that the financial assets held as at December 31, 2020 have contractual cash flows that meet the SPPI ('Solely Payments of Principal and Interest') criteria. Financial assets currently classified as available-for-sale will continue to be classified as measured at fair value through other comprehensive income upon adoption of IFRS 9 by the Company.

The entity's exposure to credit risk on financial assets that meet the SPPI criteria is disclosed in Note 5 Credit risk.

(expressed in U.S. dollars)

9. Deferred acquisition costs

	$
Balance at January 10, 2020	-
Arising on acquisition of reinsurance contract	2,179,829
Movement for the year	(1,166,097)
Balance at December 31, 2020	1,013,732

Acquisition costs arising from writing loss portfolios, are deferred in line with actual claims experience. Deferred acquisition costs include amounts that are both current and non-current in nature. The expected current maturity is $517,003 and non-current maturity is $496,729.

10. Reinsurance and other receivables

	$
Receivables arising from inwards reinsurance	1,760,251
Deposits on funds withheld basis	1,261,678
Balance at December 31, 2020	3,021,929

Receivables arising from inwards reinsurance is current in nature and deposits on a funds withheld basis is a non-current receivable.

All reinsurance and other receivables are unsecured, interest free and repayable as described in Note 5.

11. Other assets

	$
Other receivables	43,061
Prepayments and accrued income	115,262
Balance at December 31, 2020	158,323

Prepayments and accrued income are current in nature and the other receivables are mostly current in nature.

(expressed in U.S. dollars)

12. Cash and cash equivalents

The Company considers all time deposits and highly liquid instruments with an original maturity of ninety days or less as cash equivalents. At the period end cash and cash equivalents comprise cash at bank amounting to $160,613,324 of which $60,515,515 represents cash at bank arising on acquisition.

Cash and cash equivalents are current in nature.

The range of interest rates earned during the year was between 0% and 0.02%.

13. Capital and reserves

(a) **Share Capital**

Ordinary shares of $1 par value	
Authorised 120,000 shares.	
Issued:	
Balance at January 10, 2020	-
Issued during the period	120,000
Balance at December 31, 2020	120,000

On February 10, 2020, the Company issued 120,000 of $1 par value common shares to its parent and Ultimate Parent. These were fully paid by March 30, 2020 and there were no issuance costs associated with this issuance.

On December 31, 2020, the Ultimate Parent transferred these shares in their entirety, to its subsidiary, DARAG Holding Guernsey 1 Limited at book value. Subsequently, on the same date, DARAG Holding Guernsey 1 Limited transferred these shares in their entirety to its subsidiary, DARAG Holding Guernsey 2 Limited at book value.

(b) **Contributed surplus**

During the period from February 10, 2020 to December 14, 2020, the Ultimate Parent contributed capital to the Company in the aggregate of $46,880,000.

(c) **Accumulated other comprehensive income**

The accumulated other comprehensive income comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

(expressed in U.S. dollars)

14. Technical provisions

(a) **Technical provisions are analysed as follows:**

	$
Provision for outstanding claims	119,297,836
Total	119,297,836

Technical provisions include amounts that are both current and non-current in nature. The expected maturity is disclosed in liquidity risk management in Note 5. The Company currently has no outwards reinsurance contracts (Note 5).

(b) **Provisions for outstanding claims**

	$
Balance at January 10, 2020	-
Arising on acquisition	220,623,600
Claims paid relating to current period acquisitions	(102,223,525)
Claims payable at period end	1,768,934
Run-off gains – current period	(871,173)
Balance at December 31, 2020	119,297,836

Outstanding claims are analysed as follows:

	$
Claims payable	1,768,934
Case reserve	90,162,261
IBNR reserve	27,366,641
Balance at December 31, 2020	119,297,836

The case reserve reflects the amount expected to settle individual known claims that have already been reported at the reporting date. The major part of this provision is measured at face value. The IBNR reserve is calculated using actuarial methods on the basis of historical claims development data and taking into account foreseeable future trends. Implicit within the IBNR is IBNER (Incurred But Not Enough Reserved) which may have both positive and negative values. This is effectively an adjustment to the individual case reserves at an aggregate level. While on an individual basis case reserves reflect expected future settlements, it is likely that in practice some claims will settle for less and others for more and the IBNER is the expected sum of the deviations based on past development.

Expenses arise throughout the claims cycle, both in settling and adjusting the estimates for future payments. The provisions set up for claims from previous years are regularly updated using best estimates based on exposure and claims information and past claims experience.

(expressed in U.S. dollars)

14. Technical provisions (continued)

(b) **Provisions for outstanding claims (continued)**

Portfolios closed by the Company in 2020:

	Portfolios closed by the Company 2020 $
Claims at December 31, 2020	220,623,599
First period movement	(101,325,763)
Provisions at December 31, 2020	119,297,836
Payments 2020	(100,454,590)
Surplus to date	871,173

In the table above, year of closure refers to the 2020 year in which the portfolios were acquired by the Company.

The ultimate loss of a portfolio post-acquisition comprises all payments made up to the reporting date, plus the claims reserve at the reporting date. Given complete information regarding all losses incurred up to the reporting date, the ultimate loss status for each reporting period would remain the same. In practice however, the ultimate-loss status (based on estimates) is exposed to fluctuations that reflect the growth in knowledge about the claims' cases. New reported claims will emerge in the reporting periods post acquisition for the younger portfolios which have more recent exposure.

15. Unearned premiums

	$
Balance at January 10, 2020	-
Premiums written	8,612,608
Earned premiums	(4,607,305)
Balance at December 31, 2020	4,005,303

Unearned premiums relate to deferment of loss portfolio transfer premiums in line with actual claims experience. Unearned premiums include amounts that are both current and non-current in nature. The expected maturity is disclosed in liquidity risk management in Note 5.

(expressed in U.S. dollars)

16. Reinsurance and other liabilities

	$
Accruals and other payables	502,968
Balance at December 31, 2020	502,968

All reinsurance and other liabilities are unsecured, interest-free and payable on demand.

17. Net reinsurance premium revenue

	$
Reinsurance contracts	
Premium	8,612,608
Change in unearned premium	(4,005,303)
Net reinsurance premium revenue	4,607,305

The Company generated net reinsurance premium revenue from a loss portfolios transfer written during the period.

18. Finance income and finance costs

	$
Interest income on:	
Available-for-sale investments	79,487
Loans and other receivables	32,981
Finance income	112,468
Realised losses on disposal of investments	5,573
Other expenses	31,961
Finance expense	37,534

(expressed in U.S. dollars)

19. Administrative expenses

	$
Amortisation	39,226
Professional, travelling and other related expenses	401,554
Employee benefit expenses allocated to administrative expenses	239,280
Expenses for services and commissions	86,250
Regulatory expenses	46,643
Sales taxes	49,310
Other expenses	11,717
Administrative expenses	873,980

20. Employee benefit expenses

	$
Wages and salaries	194,943
Payroll tax and insurance	11,341
Post-employment benefits	29,311
Other costs	3,685
Employee benefit expenses	239,280

During the period to December 31, 2020, directors' fees and emoluments for the Company were due and amounted to $15,000.

The average number of employees during the period was

	$
Executives	3
Managerial	2
Non-managerial	9
Average number of employees	14

(expressed in U.S. dollars)

21. Income taxes

The Company and all Bermuda subsidiaries are incorporated in Bermuda and in accordance with local law are not subject to income tax in the jurisdiction. These entities have received an undertaking from the Bermuda government exempting them from all local income, withholding and capital gains taxes that may be enacted in Bermuda until March 31, 2035.

Subsidiaries SunPoint (US) Holdings Corporation and SISC are incorporated in the U.S. and are subject to U.S. income tax.

	$
Current tax expense	
Current year	58,512
Tax expense	58,512

Reconciliation of effective tax rate

	$
Profit for the period before tax	12,716,660
Tax at Bermuda income tax rate of 0%	-
Foreign tax expense at local statutory rate	58,512
Tax expense	58,512

22. Acquisitions

The Company transacted three business combination acquisitions during 2020, all of which have been accounted for using the acquisition method of accounting.

(a) **Acquisition of subsidiary – SunPoint Holdings Limited (“SP Holdings”)**

On November 23, 2020 (the acquisition date), the Company acquired all the shares of the Bermuda domiciled exempt holding company, ultimate parent to SunPoint Reinsurance Limited (“SP Re”), SunPoint (US) Holdings Corporation and SunPoint Insurance Service Corporation (“SISC”). SP Re was a Bermuda Class 3A insurer, specializing in the legacy run-off reinsurance market. SISC is a US domiciled claims administrator, servicing SP Re. SP Holdings and its subsidiaries were acquired for cash consideration of $10,200,000.

(expressed in U.S. dollars)

22. Acquisitions (continued)

(b) **Acquisition of subsidiary – SunPoint Holdings Limited ("SP Holdings") (continued)**

	Fair Value $
Intangible assets	339,758
Property and equipment	189,332
Available-for-sale investments	17,633,707
Reinsurance and other receivables	696,226
Cash and cash equivalents	18,400,455
Technical provisions	(23,923,429)
Other provisions	(189,332)
Reinsurance and other liabilities	(57,359)
Total identifiable net assets acquired at fair value	13,089,358

This business combination resulted in a gain on bargain purchase of $2,889,358, included in the consolidated income statement within Gain on acquisitions, net of transaction costs. There were no acquisition costs associated with this transaction.

	$
Cash consideration transferred	(10,200,000)
Fair value adjustment	339,758
Recognised amounts of identifiable net assets	12,749,600
Gain on bargain purchase	2,889,358

	$
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	18,400,455
Cash consideration transferred	(10,200,000)
Net cash inflow	8,200,455

(expressed in U.S. dollars)

22. Acquisitions (continued)

(c) **Other acquisitions under IFRS 3**

Other acquisitions meeting the definition of a business combination under IFRS 3 are detailed below:

$	AIG novation	Zurich novation	Total
Intangible assets	23,852	881,559	905,411
Cash and cash equivalents	915,000	41,200,060	42,115,060
Technical provisions	(662,718)	(35,000,060)	(35,662,778)
Reinsurance and other liabilities	(13,725)	(1,030,001)	(1,043,726)
Total identifiable net assets acquired at fair value	262,409	6,051,558	6,313,967
Consideration transferred	-	-	-
Gain on acquisition	262,409	6,051,558	6,313,967

The above gain on acquisition is included within the consolidated income statement within Gain on acquisitions, net of transaction costs. There were no acquisition costs associated with these transactions.

Analysis of cash flow on acquisition

$	AIG novation	Zurich novation	Total
Analysis of cash flow on acquisitions			
Net cash acquired	915,000	41,200,060	42,115,060
Consideration transferred	-	-	-
Net cash inflow	915,000	41,200,060	42,115,060

AIG novation

The AIG novation was completed on June 10, 2020 and related to legacy policies fronted by AIG for a member group captive, domiciled in the Cayman Islands. The captive provided workers' compensation, general liability, auto liability and auto physical damage to corporate members.

Zurich novation

The Company entered into a Zurich novation and was completed on August 15, 2020. The novation related to legacy policies fronted by Zurich for a member group captive, domiciled in the US. The captive provided workers' compensation, general liability, auto liability and auto physical damage to corporate members.

(expressed in U.S. dollars)

23. Related party transactions

Related parties include DARAG group affiliates and parent entities.

Transactions with subsidiaries are eliminated on consolidation and hence are not disclosed in the notes.

A person or a close member of that person's family is related to the reporting entity if that person has control or joint control of the reporting entity, has significant influence over the reporting entity, or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. Key management personnel are the members of the Board of Directors of the Company.

(a) **Transactions with related parties**

The Company loaned $12,000,000 to affiliated US entity, American Safety Captive Insurance Company, on November 10, 2020. The loan was unsecured and repayable by December 31, 2020. Interest of 3.25% was charged on the loan. The loan was fully repaid by the period end and an amount of $32,981 was received in respect of interest income.

The Company has an arrangement with affiliated Bermuda service company, SOBC DARAG Services Company (Bermuda) Limited (the “Bermuda Service Company”) whereby the Bermuda Service Company arranges for the payment of the directly attributable Company expenses and recharges this back to the Company. During the period, the Bermuda Service Company recharged the Company $176,930 of directly attributable expenses. At the period end, the amount of $176,930 is owed to the Bermuda Service Company and is included in reinsurances and other liabilities in the consolidated statement of financial position.

The Ultimate Parent has provided a guarantee for the Company in respect of the Zurich novation on August 20, 2020. The Ultimate Parent will unconditionally and irrevocably guarantee the Company to American Guarantee & Liability Insurance Company, American Zurich Insurance Company, Zurich American Insurance Company of Illinois and Steadfast Insurance Company in the event that the Zurich novation liabilities were no longer fully collateralised. There were no drawings on the guarantee during the period ended December 31, 2020.

(b) **Key management personnel remuneration**

Directors’ fees and emoluments for the Company are disclosed in Note 20.

24. Principal subsidiaries

As at December 31, 2020, the Company had the following wholly owned subsidiaries including country of incorporation and nature of business activities:

Subsidiary Name	Country of Incorporation	Nature of Business Activity
SunPoint Holdings Limited	Bermuda	Holding Company
SunPoint Reinsurance Limited	Bermuda	Reinsurance Carrier
SunPoint (US) Holdings Corporation	US	Holding Company
SunPoint Insurance Service Corporation	US	Service Company

(expressed in U.S. dollars)

25. Commitments and contingencies

The Company has provided contractual commitments and financial guarantees to external parties related to the reinsurance activities of the Company. These arrangements include commitments in the form of pledged assets and restricted accounts in favour of reinsurers and cedants.

As of December 31, 2020, the contingencies and commitments attributable to contracts that the Company had entered into, are as follows:

Pledged assets and restricted accounts

	$
Available-for-sale investments	17,493,357
Cash and cash equivalents	145,923,995
Total	163,417,352

The amounts disclosed in the table above are stated at nominal amounts.

26. Subsequent events

(a) **Subsidiary merger**

Effective March 12, 2021, the Company and its subsidiaries SP Re and SP Holdings merged together with the surviving entity being the Company. Ordinary shares in SP Re and SP Holdings were cancelled upon the merger. There has been no financial impact on the merger of the three entities.

(b) **Subsidiary stock transfer and assignment**

Effective January 8, 2021, the Company's subsidiary, SunPoint (US) Holdings Corporation (including wholly owned subsidiary, SISC), was assigned by way of a stock transfer, to an affiliated entity, DARAG North America Holding Company. The Company recorded a loss on disposal of $96,392 during January 2021.

(c) **Subsidiary liquidation**

Effective January 8, 2021, the Company's subsidiary, SunPoint (US) Holdings Corporation was dissolved by the State of Delaware. There was no financial impact to the Company as a result of this liquidation.

(d) **Loss portfolio transfer transaction**

At the time of the issuance of the consolidated financial statements, the Company received Bermuda Monetary Authority approval and has executed a reinsurance agreement dated April 22, 2021 with closing expected to occur in May of 2021 after counter-party regulatory approval and final funding of the transaction. Under the terms of this agreement, the Company will provide a total limit of $435 million for a gross premium of $272 million. In conjunction with the transaction the Company will receive contributed capital of $78 million from its parent company.

(expressed in U.S. dollars)

27. First time adoption of IFRS

IFRS 1 requires an entity to use the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first consolidated IFRS financial statements. Those accounting policies must comply with each IFRS effective at the end of its first IFRS reporting period, except as specified in IFRS 1 (e.g., when the exceptions in IFRS 1 prohibit retrospective application or an entity avails itself of one of IFRS 1's voluntary exemptions). An entity must not apply different versions of IFRSs that were effective at earlier dates. An entity may apply a new IFRS that is not yet mandatory if that IFRS permits early application.

A first-time adopter of IFRS does not apply the IAS 8 Accounting Policies, Changes in Accounting Estimate and Errors requirements to changes in accounting policies that occur when an entity first adopts IFRS. Rather, a first-time adopter of IFRS must provide an explanation of transition adjustments and reconciliations of equity and comprehensive income. As the Company adopted IFRS on incorporation, there have been no transition adjustments on first time adoption of IFRS.

The consolidated financial statements have been prepared to comply with all IFRS standards and interpretations effective as of its first IFRS reporting period as of and for the period ended December 31, 2020. Note 2 provides a listing of standards and interpretations that have been issued but are not yet effective as of December 31, 2020 and therefore have not been adopted by the Company.

28. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on April 30, 2021. The Board of Directors do not have the power to amend these statements after issuance.