



Guardian Group



Guardian Group

Guardian Group Nederland N.V.
Brainpark III
Fascinatio Boulevard 216
3065 WB, Rotterdam

www.myguardiangroup.eu

***Financial report for the period
26th July 2021 – 31st December 2022***

Financial Statements Guardian Group Nederland N.V.



PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

Table of contents

	Page
Management Board's report	
Management Board's report	3
Financial statements	
Balance sheet as at 31 December 2022	8
Profit and loss account for the period 26 July 2021 to 31 December 2022	9
Cash flow statement for the period 26 July 2021 to 31 December 2022	10
Notes to the financial statements	12
Notes to the balance sheet	15
Notes to the profit and loss account	18
Other information	
Provisions of the Articles of Association relating to profit appropriation	22
Independent auditor's report	23

Management Board's report

Governance

Supervisory Board

Mrs. T.E. Monzon, chair
Mr. W. Wagenaar
Mr. D. Fränkel

Audit, Compliance and Risk Committee

Mr. W. Wagenaar, chair
Mrs. T.E. Monzon
Mr. D. Fränkel

Management Board

Mr. R.A. van den Broek, CEO
Mr. M.P. Akkerman, CFRO

Accountant

PricewaterhouseCoopers Accountants N.V.

1.1 Guardian Group in the Netherlands

Guardian Group Nederland N.V. was established on July 26, 2021 as a subsidiary of Fatum General Insurance N.V.

Fatum General Insurance N.V. is a Curaçao based insurer that is supervised by the Central Bank of Curaçao and Sint Maarten (CBCS). Fatum General Insurance N.V. is a wholly owned subsidiary of Fatum Holding N.V. This holding company and its insurance subsidiaries form part of Guardian Holdings Limited.

Fatum General Insurance N.V. has been active as an insurer in the Netherlands since October 2008 on the basis of a cross-border services license pursuant to Section 2:45 of the Financial Supervision Act (Wft). Since November 2018, Fatum General Insurance N.V. (hereinafter: FGI) has also been active in the Netherlands under the trade name Guardian Group Nederland.

After the start-up phase in 2009, FGI has acquired a position in the Dutch market as a non-life insurer. The premium volume has increased to over €60 million exclusively through the distribution channel of the managing general agents (MGA). More than 30 regionally selected MGA's have now been appointed and in 2022 a gross combined ratio of 77% was achieved.

On March 2, 2021, the “Eerste Kamer der Staten Generaal van Nederland” adopted bill 35.599 “Introduction of a ban on the provision of services by third-country insurers”. The publication of this bill took place on 16 March in the “Staatscourant”. With this adjustment, the possibility of cross-border services in accordance with Article 2:45 of the Wft came to an end.

In order to continue to serve FGI policyholders in the Netherlands, FGI established a new entity on 26 July 2021: Guardian Group Nederland N.V. With this new entity, the process for applying for a license to operate as a non-life insurer was formally initiated on 17 September 2022 at De Nederlandsche Bank (DNB) (as referred to in Article 2:27, first paragraph, Financial Act).

1.2 Guardian Group Nederland N.V.

For Guardian Group Nederland N.V., the time during the reporting period was almost entirely devoted to applying for a license to conduct the business of a non-life insurer at DNB. During this period, the company had no employees and hardly any costs were incurred. During the period, the activities for the benefit of the FGI portfolio were carried out for the account and risk of FGI.

1.2.1 Decision-making process Fatum General Insurance N.V.

Below is the decision-making process within FGI.

- Supervisory Board / Board of Directors of FGI has approved FGI to continue its services as a non-life insurer in the Netherlands and to start the license application process at DNB at March 17, 2021.
- Supervisory Board / Board of Directors of FGI has approved to establish a new entity in the Netherlands at April 28, 2021.
- Establishment of Guardian Group Nederland N.V. on 26-07-2021 followed by a capital contribution from FGI for a total amount of € 10,000,000 in line with the expected Solvency II capital requirements and in line with Guardian Group capital policy.
- The Board of Directors of FGI appointed Mr. René Alexander van den Broek as Chief Executive Officer of Guardian Group Nederland N.V. on 26 July 2021 and appointed Mr. Menze Pieter Akkerman as Chief Financial and Risk Officer of Guardian Group Nederland N.V. on 8 September 2021.

1.2.2 License application from DNB

On 17 September 2021, the process of the license application of Guardian Group Nederland N.V. (hereinafter: GGNL) was formally started at DNB.

After assessment of the required capitalization and the policy documents by DNB, DNB confirmed on 24 September 2021 that GGNL's license application is complete. As a result, FGI was able to make use of the transition regime. This meant that FGI can continue to carry out its non-life insurance activities during the assessment of GGNL's license application by DNB.

DNB granted a license to GGNL on 26 October 2022 and explained this as follows:

“De vergunningaanvraag houdt verband met het voornemen van GGNL om de Nederlandse schadeverzekeringsportefeuille die haar moeder Fatum General Insurance N.V. momenteel grensoverschrijdend vanuit Curaçao bedient zelfstandig te gaan voeren. GGNL vraagt in dit verband een vergunning aan voor de volgende branches: branche 1 (Ongevallen), branche 3 (Voertuigcasco), branche 7 (Vervoerde zaken), branche 8 (Brand- en natuurevenementen), branche 9 (Andere schaden aan zaken), branche 10A (Aansprakelijkheid Motorrijtuigen), branche 13 (Algemene aansprakelijkheid), branche 16 (Diverse geldelijke verliezen) en branche 18 (Hulpverlening).

DNB verleent aan GGNL de gevraagde vergunning voor het uitoefenen van het bedrijf van schadeverzekeraar in de hiervoor genoemde branches.”

It has been agreed with DNB and CBCS that the Dutch non-life insurance activities of FGI will continue to take place within FGI until 31 December 2022 and that the Dutch non-life insurance activities will be transferred to GGNL per January 1, 2023. For this, the transfer conditions have been agreed with both CBCS and DNB.

DNB indicated that Art. 3:129 Wft applies and that no consent from DNB is required with regard to the transfer of the portfolio from FGI to GGNL. DNB assumes that CBCS must grant consent on the basis of Art. 48 et seq. National Ordinance Supervision Insurance Industry (‘LTV’). DNB does state that the policyholders in the Netherlands must be notified of the portfolio transfer by FGI. This can be done through publication in the ‘Staatscourant’ and three Dutch daily and/or weekly newspapers.

On September 30, 2022, FGI requested approval from CBCS to transfer the Dutch portfolio to GGNL. This approval was issued by CBCS on the 9th of December 2022.

1.3 Preparations Portfolio Transfer

As of January 1, 2023, GGNL has taken over a portfolio of active policies of Dutch residents from FGI. These policies are part of the start of the Guardian Group Nederland N.V. portfolio as a licensed insurer in the Netherlands.

The relevant portfolio of active policies is expected to be profitable and has been valued by Triple A – Risk Finance (hereinafter: Triple A) in order to determine an appropriate purchase price. This valuation is based on Solvency II legislation and regulations as applicable in the Netherlands.

In accordance with art. 2:94c lid 4 BW jo. 2:94b lid 3 BW jo. 2:94a lid 3 under b. BW the board of Guardian Group Nederland N.V. has taken care of the valuation:

“by an independent person who, according to his training and activity, is an expert in carrying out valuations, (whereby) the expert valuation is carried out using valuation methods that are considered acceptable in society and the value of what is contributed is determined on a day that is not earlier than six months before the day of the contribution”.

The valuation report of the portfolio by Triple A is dated September 29, 2022. The total portfolio has a premium volume of €61.2 million as of January 1, 2023. The acquisition price has been set at €4.7 million.

After approval by CBCS, the transfer of the portfolio was published on December 16, 2022 in the national newspaper ('Landscourant') in Curaçao. After approval from DNB, the transfer of the portfolio in the Netherlands was published in the 'Staatscourant' on January 6, 2023 and in 3 national newspapers on January 7, 2023.

1.4 Preparations for risk policies

Within the license application GGNL prepared all the necessary risk policies. In here we present a brief summary of the most important risk policies.

Fraud

To avoid risks of fraud, GGNL has built a framework of internal controls, including supervision by local and group management, and early detection through a strong foundation of reporting and analysis. The group Policy "Fraud Reporting and Investigation Policy" is applicable. This policy determines important control measures to avoid and counteract on fraud.

Climate

Disclosures regarding the impact of climate change, ESG and CSRD on the activities of the Company do not have a material impact in the current year. GGNL analysed a climate risk within its Own Risk and Self-Assessment(ORSA), which showed that GGNL is well protected by reinsurance contracts to mitigate this risk. We will assess the regulation in relation to these topics moving forward and address the requirements in upcoming years when necessary.

Other Risks

In the Risk-management Policy, the ORSA and the Systematic Integrity Risk Analysis (SIRA) GGNL gives an overview of all identified risks, presents control measures and impact estimates on these risks. Among others these risks are:

- Credit risk
- Liquidity risk
- Cyber risk
- Operational risk

The management board is convinced that GGNL has a strong risk management framework, which will be adequate to start the operation as of the 1st of January 2023.

1.5 Employees

There were no employees employed in the period July 26, 2021 till December 31, 2022 The Board of Director consisted of two members and the Supervisory Board of one member, which are all males. The Company will consider the male to female ratio in upcoming years, when the Company will starts its insurance activities.

Financial statements 2022

Balance sheet as at 31 December 2022

(Before appropriation of result)

Assets

		<u>31 December 2022</u>	
		€	€
Cash and cash equivalents	1		14.681.370
Total assets			<u>14.681.370</u>

Shareholders' equity and liabilities

		<u>31 December 2022</u>	
		€	€
Shareholders' equity	2		
Share capital paid called up	2.1	100.000	
Share premium	2.2	14.634.000	
Undistributed profit/(loss)	2.3	<u>(82.880)</u>	
			14.651.120
Liabilities			
Current liabilities	3	<u>30.250</u>	
			30.250
Total shareholders' equity and liabilities			<u>14.681.370</u>

Profit and loss account for the period 26th July 2021 – 31st December 2022

		<u>2022</u>
	€	€
Net turnover	4	0
Gross profit		0
Other operating expenses	5	<u>-30.250</u>
Total of sum of expenses		<u>-30.250</u>
Total of operating result		-30.250
Financial expense	6	<u>-52.630</u>
Total of result of activities before tax		-82.880
Income tax expense	7	<u>0</u>
Total of result of activities after tax		-82.880
 Total of result after tax		 -82.880

Cash flow statement for the period 26th July 2021 – 31st December 2022

	<u>2022</u>
	€
Total of cash flows generated from (used in) operating activities	
Operating result	-30.250
<i>Changes in working capital</i>	
Increase in other payables	3 <u>30.250</u>
	<u>30.250</u>
Total of cash flows generated from (used in) operations	
	0
Interest paid	-52.630
Income tax paid	7 <u>0</u>
	<u>-52.630</u>
Total of cash flows generated from (used in) operating activities (transport)	
	-52.630

Cash flow statement for the period 26th July 2021 – 31st December 2022

	<u>2022</u>	
	€	€
Carry forward		-52.630
Total of cash flows generated from (used in) financing activities		
Capital contribution foundation N.V. 2.1	100.000	
Contribution of share premium 2.2		
-increase equity for licence application	9.900.000	
-for purchase insurance portfolio	<u>4.734.000</u>	
Total of cash flows generated from (used in) financing activities		<u>14.734.000</u>
Net cash flow		14.681.370
Total of increase in cash and cash equivalents		<u>14.681.370</u>
		<u>2022</u>
		€
Movement in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period		0
Increase cash and cash equivalents		<u>14.681.370</u>
Cash and cash equivalents at the end of the period		<u><u>14.681.370</u></u>

Notes to the financial statements

Entity information

Registered address and registration number trade register

The registered and actual address of Guardian Group Nederland N.V. (hereafter ‘the company’) is Fascinatio Boulevard 216, 3065 WB in Rotterdam, The Netherlands. The company is registered at the Chamber of Commerce under RSIN number 862898924 and KVK number 83508880.

General notes

On July 26, 2021, Guardian Group Nederland N.V. was established as a subsidiary of Fatum General Insurance N.V. During the reporting period, Guardian Group Nederland N.V. operated solely as a financial holding with the necessary equity to apply for a license from De Nederlandsche Bank in order to start January 1, 2023 offering non-life insurance products. The company will offer these products starting from January 1, 2023 in compliance with financial supervision rules, provide support, and carry out relationship management regarding the active intermediaries and/or MGA’s and/or other organizations that are utilized to offer non-life insurance products.

During the reporting period, the available equity and the ING bank account in which this equity was deposited were not freely available to the company, as they were required for the license application. Therefore, apart from bank and interest expenses, as well as audit fees (to be paid), the company did not incur any expenses.

The activities during the reporting period resulted in obtaining a license by the company from De Nederlandsche Bank on October 26, 2022.

Disclosure of group structure

The company is part of a group, with Guardian Holdings Limited in Trinidad and Tobago as ultimate parent of the group. The company's results are consolidated in the financial statements of Guardian Holdings Limited in Trinidad and Tobago. The consolidated financial statements can be obtained from the website www.myguardiangroup.com.

Guardian Group Nederland N.V. is a subsidiary of Fatum General Insurance N.V., which in its turn is a subsidiary of Fatum Holding N.V. Guardian International Incorporated (Saint Lucia) is the parent organization of Fatum Holding N.V., with Guardian Holdings Limited in Trinidad and Tobago as the owner of Guardian International Incorporated.

Guardian Holdings Limited is 61.77% owned by NCB Global Holdings Limited (NCBFH). Further information can be found on page 41 of the 2021 annual report of Guardian Holdings Limited which has been published on the website www.myguardiangroup.com.

The holding Company NCB Financial Group Limited (NCBFG) is the holding of NCBFH with no other shareholder having a 5% or higher share. NCBFG is 52.63% owned by Michael Lee Chin's AIC Barbados Limited. There are no other shareholders in NCBFG with an interest larger than 5%. Further information can be found on pages 338-339 of the 2021 annual report of NCB Financial Group Limited., published on website www.myncb.com.

Mr M. Lee-Chin is the legal representative and the only shareholder with an interest larger than 5% in Portland Holdings Inc. which is the parent organization of AIC Barbados Limited, which also has no other shareholders with an interest larger than 5%. For further information, please refer to pages 338-339 of the 2021 annual report of NCB Financial Group Limited., published on website www.myncb.com.

Disclosure of estimates

In applying the principles and policies for preparing the financial statements, the directors of the company make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements are prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally measured at historical cost, production cost or at fair value at the time of acquisition. If no specific measurement principle has been stated, measurement is at historical cost.

Accounting principles

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred income taxes are recognised at nominal value. The deferred tax assets have been valued at zero since this concerns a start-up company.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is measured at nominal value.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are measured at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Net revenue

Net turnover comprises the income from the rendering of services. Revenue from the rendering of services is recognized if the amount or the result can be reliably determined.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Changes in the value of financial instruments recognised at fair value are recorded in the profit and loss account.

Income tax expense

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand. Interest paid and received, dividends received and income taxes are included in cash from operating activities.

Receipts from capital contribution and additional paid-in capital are included in cash generated from financing activities.

Notes to the balance sheet

1. Cash and cash equivalents

	<u>31-12-2022</u>
	€
ING Bank	14.681.370
	<u>14.681.370</u>

An average interest rate of 0,4% was paid on the balance. All cash was restricted for the purpose of the license application only until 26th of October 2022.

2. Shareholders' equity

	<u>31-12-2022</u>	
	€	€
Shareholders' equity		
Share capital	2.1	100.000
Share premium	2.2	14.634.000
Undistributed loss	2.3	<u>-82.880</u>
		14.651.120

2.1 Share capital

	<u>2022</u>
	€
Share capital	
Balance as at 26 July 2021	0
Paid share capital during the period	<u>100.000</u>
Balance as at 31 December 2022	<u>100.000</u>

The authorised share capital of the Guardian Group Nederland N.V. amounts to € 100.000, divided into 100.000 ordinary shares of € 1. Of these, 100.000 ordinary shares of Guardian Group Nederland N.V. have been issued.

2.2 Share premium

	<u>2022</u>
	€
Balance as at 26 July 2021	0
Capital contribution	
- for the purpose of increasing equity for license application	9.900.000
- for the purchase of insurance portfolio	<u>4.734.000</u>
Balance as at 31 December 2022	<u>14.634.000</u>

2.3 Undistributed loss

	<u>2022</u>
	€
Balance as at 26 July 2022	0
Result for the year	-82.880
Appropriation of result	<u>0</u>
Balance as at 31 December 2022	<u><u>-82.880</u></u>

3. Current liabilities

	<u>31-12-2022</u>
	€
Audit fees payable	<u>30.250</u>
	<u><u>30.250</u></u>

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

Subsequent events

In January 2023 the insurance portfolio consisting of Dutch policy holders of Fatum General Insurance N.V. was acquired for an amount of €4.734.000. In order to finance this purchase, Guardian Group Nederland N.V. received a capital contribution from its shareholder Fatum General Insurance N.V. of €4.734.000 in 2022. As of 1 January 2023, the portfolio and the corresponding net technical reserve, including the funding of this technical reserve for an equivalent amount, was purchased by the Company. Therefore, as the carrying value of the net equity of the acquired portfolio was nil, the total amount of the acquisition price has been capitalised as an intangible asset.

The portfolio of active insurance policies is expected to be profitable and has been valued by Triple A - Risk Finance in order to determine an appropriate acquisition price.

The valuation was carried out in accordance with Solvency II laws and regulations as applicable in the Netherlands, in accordance with article 2:94c paragraph 4 in conjunction with article 2:94b paragraph 3 and article 2:94a paragraph 3 sub b of the Dutch Civil Code, whereby the board of Guardian Group Nederland N.V. has ensured that the valuation:

“was carried out by an independent person who, based on education and experience, is an expert in performing valuations (whereby) the expert valuation is carried out using valuation methods considered acceptable in social traffic and the value of the asset is determined on a day that is no earlier than six months before the date of the contribution”. This valuation took place on September 29, 2022.

Proposal appropriation of result

The management of the company proposes to appropriate the result as follows:

The result for the period 26 July 2021 – 31 December 2022 in the amount of - € 82.880 will be fully deducted from the other reserves.

This proposal needs to be approved by the General Meeting and has therefore not yet been recognised in the financial statements 2022 of the company.

Notes to the profit and loss account

4 Net turnover

	<u>2022</u>
	€
Turnover	0
	<u>0</u>

Average number of employees

2022

	Active within the Netherlands	Total
Average number of employees	<u>0.00</u>	<u>0.00</u>

Remuneration of directors

	<u>2022</u>
	€
Remuneration of directors and supervisory board	<u>0</u>

5 Other operating expenses

	<u>2022</u>
	€
Audit fees	<u>30.250</u>
	<u>30.250</u>

Specification audit fees

<i>Description audit fee type</i>	Amount independent external auditor and audit firm €	Amount network organization €	Total amount €
Audit costs, audit of the financial statements	30.250	0	30.250
Audit costs, other non-audit services	0	0	0
Audit costs, other audit assignments	0	0	0
Audit costs, fiscal advisory services	0	0	0
Total audit fees	<u>30.250</u>	<u>0</u>	<u>30.250</u>

The fees listed above relate to the procedures applied to the company by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the 2022 financial statements, regardless of whether the work was performed during the financial year.

6 Financial expense

	<u>2022</u> €
Bank charges	275
Interest and similar expenses	<u>52.355</u>
	<u>52.630</u>

7 *Income tax expense*

	<u>2022</u>
	€
Deferred taxes	0
Income tax expense from current financial year	<u>0</u>
	<u>0</u>
	%
Effective tax rate	15,00
Applicable tax rate	15,00

The numerical reconciliation between the applicable and effective tax rate is as follows:

	Amounts in €
Losses according to the financial statements	82.880
CIT based on applicable rate CIT (first layer) 15%	-12.432
<i>Tax non-deductible costs</i>	0
<i>Amortization of goodwill</i>	0
<i>Profits from foreign operations</i>	0
Corporate income tax receivable	12.432
Effective corporate tax rate	15%

As this concerns a startup company, the deferred tax asset has been valued prudently at nil.

Rotterdam, 30-6-2023
Guardian Group Nederland N.V.

Management Board

Mr. R.A. van den Broek
CEO

Mr. M.P. Akkerman
CFRO

Supervisory Board

Mrs. T.E. Monzon
Chair

Mr. D. Fränkel

Mr. W. Wagenaar

Other information

Provisions of the Articles of Association relating to profit appropriation

Article 23 of the articles of association states the following regarding profit appropriation:

The distributable profit is at the unrestricted disposal of the General Meeting, which may decide on dividend distribution, reservation, or other purposes within the Company's objectives.

Independent auditor's report



Independent auditor's report

To: the general meeting and the supervisory board of Guardian Group Nederland N.V.

Report on the financial statements for the period 26 July 2021 to 31 December 2022

Our opinion

In our opinion, the financial statements of Guardian Group Nederland N.V. ('the Company' or 'GGNL') give a true and fair view of the financial position of the Company as at 31 December 2022, and of its result for the period from 26 July 2021 to 31 December 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements for the period 26 July 2021 to 31 December 2022 of Guardian Group Nederland N.V., Rotterdam.

The financial statements comprise:

- the balance sheet as at 31 December 2022;
- the profit and loss account for the period from 26 July 2021 to 31 December 2022; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

64PPARQVSESK-522080162-26

PricewaterhouseCoopers Accountants N.V., Fascinatio Boulevard 350, 3065 WB Rotterdam, P.O. Box 8800, 3009 AV Rotterdam, the Netherlands

T: +31 (0) 88 792 00 10, F: +31 (0) 88 792 95 33, www.pwc.nl

'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At www.pwc.nl more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.



Independence

We are independent of Guardian Group Nederland N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

Guardian Group Nederland N.V. was established on 26 July 2021 as a subsidiary of Fatum General Insurance N.V. ('FGI'), a Curaçao based insurance company that is under supervision of the Central Bank of Curaçao and Sint Maarten ('CBCS'). FGI has been active for many years as an insurer in the Netherlands on the basis of a cross-border services license pursuant to Section 2:45 of the Financial Supervision Act (Wft). On 2 March 2021, the 'Eerste Kamer der Staten Generaal van Nederland' adopted a law 'Introduction of a ban on the provision of services by third-country insurers'. With this adjustment, the possibility of cross-border services in accordance with Article 2:45 of the Wft came to an end. GGNL applied for an insurance license in the Netherlands and the Dutch Central Bank ('DNB') granted a license to GGNL on 26 October 2022. On 1 January 2023, GGNL purchased a portfolio of active policies of Dutch insurance policies from FGI.

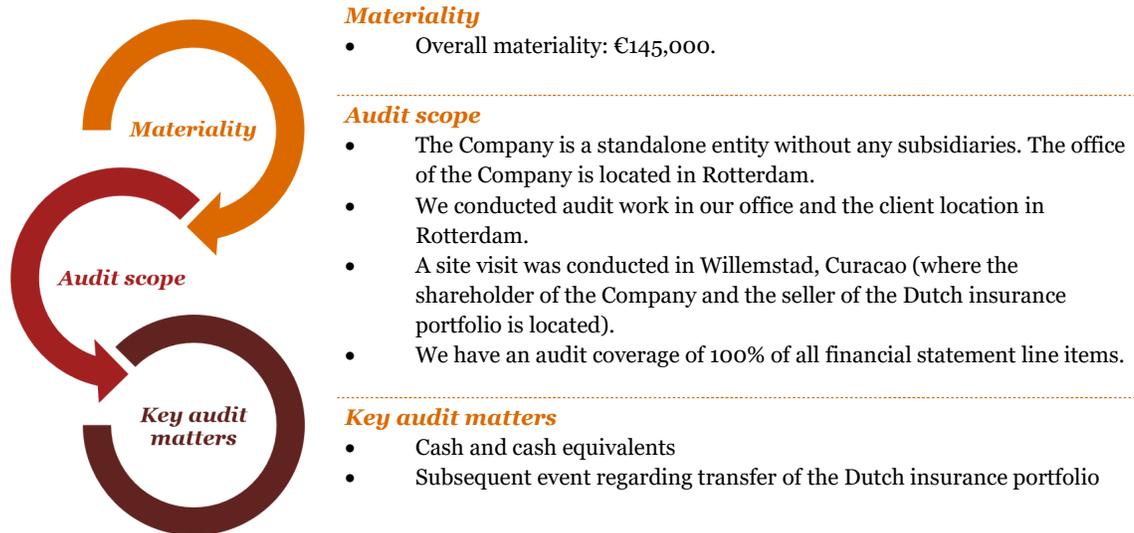
We paid specific attention to the areas of focus driven by the operations of the Company, as set out below. As the Company was newly incorporated in July 2021, we focussed on important contracts regarding the establishment of the Company, including the documents relating to the license of the Dutch Central Bank to act as a licensed insurance company in the Dutch market. For the period 26 July 2021 till 31 December 2022, GGNL did not perform any insurance activities. The only activity has been the holding of cash, which was contributed by FGI to GGNL as capital contribution.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change. In the paragraph 'Disclosure of estimates' of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significance of the amount of cash and cash equivalents of the Company at year-end and the importance of the purchase of the insurance portfolio as of 1 January 2023, disclosed as subsequent event to the financial statements, we considered these matters as a key audit matter as set out in the section 'Key audit matter' of this report.

GGNL assessed the possible effects of climate on its financial position, refer to the management board's report where the client disclosed the risk related to climate change. We discussed GGNL's assessment with the board of directors and supervisory board and evaluated the potential impact on the financial position including underlying assumptions and estimates. The expected effects of climate change are not considered a key audit matter.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a holding company. We have concluded that, based on the limited activities of the Company in the period 26 July 2021 till 31 December 2022, we have sufficient knowledge in our team and that no experts or specialists are required.

The outline of our audit approach was as follows:



Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.



Overall materiality	€145,000
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 1% of equity.
Rationale for benchmark applied	We used total equity as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that total equity is the most relevant metric for the financial performance of the Company.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €14,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our audit

The Company did not have any operational activities for the period 26 July 2021 till 31 December 2022. On 1 January 2023 the Company purchased a Dutch insurance portfolio of its shareholder FGI for an amount of €4.7 million as disclosed as subsequent event in note 'Subsequent events' to the financial statements.

For our audit, we visited the shareholder of GGNL and its external auditor in Willemstad, Curacao in order to obtain an understanding of the purchase of the insurance portfolio as per 1 January 2023.

By performing our procedures we have been able to obtain sufficient and appropriate audit evidence on the Company's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of GGNL and its environment and the components of the internal control system. This included the board of directors' risk assessment process, the board of directors' process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We note that the board of directors has not formalised its fraud risk assessment for the period 26 July 2021 till 31 December 2022.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the board of directors and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement



As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks

The risk of management override of controls

Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in:

- The appropriateness of journal entries and other adjustments made in the preparation of the financial statements.
- Estimates.
- Significant transactions, if any, outside the normal course of business for the Company. We have therefore assessed the purchase of the Dutch insurance portfolio as a potential fraud risk from an arm's length principle.

Our audit work and observations

We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries, making estimates for accruals, and the purchase of the insurance portfolio as per 1 January 2023).

We performed our audit procedures primarily substantive based and we have tested all bank transactions.

We selected journal entries based on risk criteria and conducted specific audit procedures for these entries. These procedures include, amongst others, inspection of the entries to source documentation.

We identified the purchase of the Dutch insurance portfolio, which effectively transferred per 1 January 2023 as a significant transaction outside the normal course of business. We focussed amongst others on the arm's length principle of this transaction. We assessed the bank payments, the share purchase agreement and the valuation report as well as the disclosure with respect to subsequent events.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

We incorporated an element of unpredictability in our audit. We reviewed correspondence with regulators. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

The board of directors prepared the financial statements on the assumption that the Company is a going concern and that it will continue all its operations for at least 12 months from the date of preparation of the financial statements.



Our procedures to evaluate the board of directors' going-concern assessment included, amongst others:

- considering whether the board of directors identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern (hereafter: going-concern risks).
- considering whether the board of directors' going-concern assessment includes all relevant information of which we are aware as a result of our audit by inquiring with the board of directors regarding the board of directors' most important assumptions underlying its going-concern assessment.
- evaluating the board of directors' current budget including cash flows for at least 12 months from the date of preparation of the financial statements taken into account current developments in the industry such as yearly premium growth and all relevant information of which we are aware as a result of our audit.
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the Company's operations, including compliance with relevant covenants.
- performing inquiries of the board of directors as to its knowledge of going-concern risks beyond the period of the board of directors' assessment.

We concluded that the board of directors' use of the going-concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Key audit matter

Our audit work and observations

Cash and cash equivalents

Refer to cash and cash equivalents in the financial report (note 1)

During the reporting period the Company engaged in two shareholder transactions. In the first transaction a capital contribution was made by FGI for an amount of €10 million and in the second transaction the purchase price of €4.7 million was transferred by FGI to the Company in order to have the funds available for the purchase of the Dutch insurance portfolio. Following these two transactions, the balance of cash and cash equivalents is significant as at 31 December 2022. We therefore consider the existence and valuation of cash and cash equivalents as a key audit matter.

We have performed the following audit work on the cash balances as of 31 December 2022:

- Requested and received a bank confirmation from the external bank as per 31 December 2022.
- Reconciled the bank balance per 31 December 2022 with the closing balance of the last bank statement of 2022 and the first bank statement of 2023.
- Evaluated the financial condition of the external bank.
- Reconciled the two shareholder transactions with underlying contracts

Subsequent event regarding transfer of insurance portfolio

We have performed the following audit work on the purchase of the Dutch insurance portfolio:

Key audit matter

Refer to the sections '1.3 Preparations portfolio transfer' and 'Subsequent events' in the financial report

In the subsequent events to these financial statements, it is disclosed that Guardian Group Nederland N.V. has purchased a Dutch insurance portfolio from its shareholder FGI as per 1 January 2023 for an amount of €4.7 million. We have considered this purchase as a key audit matter as it is a material subsequent event transaction for the Company.

Our audit work and observations

- Assessed the approvals from the regulatory bodies regarding the purchase, being CBCS and DNB.
- Performed a file review on the audit work performed by the external auditor of FGI on the purchased Dutch insurance portfolio.
- Assessed the valuation report from the management's expert which was used to determine the acquisition price in order to verify that the transaction was performed at arm's length conditions.

Furthermore, we assessed that the disclosure of the subsequent event is in line with the provisions of the Dutch accounting standard 160.

Report on the other information included in the financial report

The financial report contains other information. This includes all information in the financial report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the management board's report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management board's report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Guardian Group Nederland N.V. on 13 April 2023 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 13 April 2023. Our appointment represents a total period of uninterrupted engagement of 1 year.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company, for the period to which our statutory audit relates, are disclosed in note 5 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 the financial statements.



Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 30 June 2023
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.P.A. Corver RA



Appendix to our auditor's report on the financial statements for the period 26 July 2021 to 31 December 2022 of Guardian Group Nederland N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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 Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company'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 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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board 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. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.



From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.