The Board of Directors
Mozart Insurance, Ltd.
Crawford House
50 Cedar Avenue
Hamilton HM 11
Bermuda

Attention: Phil Martin

April 28, 2022

Reference: DCG/CAC/0.1712993.001

Subject: Mozart Insurance, Ltd.

Dear Recipient,

We enclose a signed copy of the financial statements of Mozart Insurance, Ltd. for the year ended December 31, 2021. We draw your attention to Appendix A attached, which includes matters that the auditor is required to communicate to those charged with governance in accordance with generally accepted auditing standards.

Very truly yours,

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

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Appendix A

As required by ISA 260, ‘Communication of Audit Matters with Those Charged with Governance’, we are writing to report the following significant matters which were identified as a consequence of our audit and that we, as the auditors of the Company, wish to draw to your attention.

We note that our requirement to report significant matters is restricted to include only those audit matters of governance interest that have come to our attention as a result of the performance of the audit.

An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters.

This appendix has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as this appendix has not been prepared for, and is not intended for, any other purpose.

Matter to be communicated	***Our response***
Provision of services – We are required to communicate audit and non-audit services that we are providing to the Company and its related entities.	These services are discussed in the Company’s engagement letter.
Auditor’s responsibility – We are required to communicate our responsibility under generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement.	These standards are discussed in the Company’s engagement letter.
General audit approach and overall scope of audit – We are required to communicate our audit approach and overall audit scope, including any expected limitations thereon, or any additional requirements.	There has been no change in the scope of our audit since previously communicated on November 4, 2021.
Management’s representations – We are required to inform you of the representations we are requesting from management.	These representations are included in the management representation letter.
Other assurance standards – We are required to communicate matters arising from our audit set out in other assurance standards, including: 1. fraud, illegal or possibly illegal acts; 2. material weaknesses in internal control that have come to our attention; and 3. related party transactions not in the normal course of operations that involve significant judgements.	1. We have not identified any matters required to be communicated. 2. We have not identified any matters required to be communicated. 3. We have not identified any matters required to be communicated.

Appendix A (cont'd)

Matter to be communicated	***Our response***
Audit Adjustments – All significant audit adjustments and uncorrected misstatements, individually or in the aggregate, should be communicated.	Please see Appendix B for details of significant audit adjustments arising from the audit. Additionally, there were no uncorrected misstatements aggregated by us during the audit that were determined by management to be immaterial, both individually and in the aggregate.
Qualitative aspects of accounting principles – We are required to communicate matters that have a significant effect on the qualitative aspects of accounting principles used in the Company's financial reporting. Such matters include: 1. the selection of, or changes in, significant accounting policies, including the application of new accounting pronouncements, and practices that have, or could have, a material effect on the Company's financial statements; 2. the effect of policies over areas which are controversial or emerging or unique to an industry; 3. the existence of acceptable alternative methods; 4. the effects of any significant unusual transactions on the financial statements; 5. the issues involved and related judgments made by management in formulating particularly sensitive accounting estimates and disclosures; 6. the basis for our conclusion regarding the reasonableness of estimates made by management; 7. factors that affect the carrying value of assets and liabilities, including the impact of alternative decisions made by management; and 8. the timing of transactions that affect the recognition of revenues or avoid the recognition of expenses.	1. The Company's accounting policies are in accordance with generally accepted accounting principles and are considered to be appropriate. We have not identified any matters required to be communicated. 2-4. We have not identified any matters required to be communicated. 5-6. The most significant area requiring the use of judgments and accounting estimates is as follows: IBNR, and Investment valuation, We have concluded that judgments and accounting estimates in this area are reasonable. 7-8. We have not identified any matters required to be communicated.

Appendix A (cont'd)

Matter to be communicated	***Our response***
Other matters arising from the audit – We are required to communicate other important and relevant matters including: 1. any issues of a component company that are significant to the primary company; 2. disagreements with management that, individually or in aggregate, could be significant to the Company's financial statements or our audit report; 3. consultation by management with other accountants; 4. any major issues discussed with management in connection with our initial or recurring appointment as auditor; and 5. any serious difficulties encountered while performing the audit.	We have not identified any matters required to be communicated.
Effects on financial statements due to material risks and exposures – We are required to communicate the potential effects on the financial statements of any significant exposures that are required to be disclosed in the financial statements.	We are not aware of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements.
Going Concern – We are required to communicate material uncertainties related to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.	We are not aware of any material uncertainties related to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.
Audit report – We are required to report any expected modifications to our audit report.	There were no modifications to our audit report.
Other matters – We are required to communicate any other matters agreed upon in the terms of the audit engagement.	We have not identified any other matters required to be communicated.

APPENDIX B

Mozart Insurance, Ltd
Summary of Adjusted Misstatements in the Statutory Financial Statements
For the year ended December 31, 2021
Amounts in U.S. Dollars

Item	Profit & Loss Account		Balance Sheet	
To reclassify commutation expense in the statutory financial statements	Dr	Cr	Dr	Cr
DR Loss and loss adjustment expenses	$1,219,186			
CR Commissions and Brokerage		$1,219,186		
TOTAL	$1,219,186	$1,219,186		

Mozart Insurance, Ltd.
(Incorporated in Bermuda)

Financial Statements
December 31, 2021
(expressed in U.S. dollars)

Independent auditor’s report

To the Board of Directors and Shareholder of Mozart Insurance, Ltd.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mozart Insurance, Ltd. (the Company) as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company’s financial statements comprise:

- the statement of financial position as at December 31, 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in shareholder’s equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the 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 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 Company 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 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.

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Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 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 Company'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 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. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 28, 2022

Mozart Insurance, Ltd.
Statement of Financial Position
For the year ended December 31, 2021

(expressed in U.S. dollars)

	2021 $	2020 $
Assets		
Cash and cash equivalents (Note 3)	534,742	690,533
Investments (Note 4 and 6)	9,437,902	4,922,907
Interest receivable (Note 7)	-	72,109
Note receivable (Note 9)	-	361,381
Accounts receivable (Note 10)	-	1,365,172
Insurance balances receivable (Note 11)	6,021,774	8,112,538
Prepaid expenses	13,048	23,912
Deferred acquisition costs	713,358	1,424,537
Total assets	**16,720,824**	**16,973,089**
Liabilities		
Accounts payable and accrued expenses	79,824	84,750
Provision for losses and loss expenses (Note 12 and 14)	5,807,205	4,183,273
Unearned premium reserve	1,628,097	2,629,313
Total liabilities	**7,515,126**	**6,897,336**
Shareholder's equity		
Capital stock (Note 13)	120,000	120,000
Contributed surplus (Note 13)	6,497,324	6,497,324
Retained earnings	2,588,374	3,458,429
Total shareholder's equity	9,205,698	10,075,753
Total liabilities and shareholder's equity	**16,720,824**	**16,973,089**

Approved by the Board of Directors

Director

Director

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

Mozart Insurance, Ltd.
Statement Comprehensive Income
For the year ended December 31, 2021

(expressed in U.S. dollars)

	2021 $	2020 $
Underwriting income:		
Gross written premium	12,031,121	10,924,407
Reinsurance premiums ceded	-	-
Net written premium	12,031,121	10,924,407
Net change in unearned premium reserve	1,001,216	(1,029,980)
Net premium earned	13,032,337	9,894,427
Underwriting expenses:		
Claims & claims expenses paid	2,621,160	1,282,366
Change in OSLR	224,933	184,273
Change in IBNR Reserves	1,399,000	(1,509,000)
Net premium receivable write off	-	922,195
Commission expense	5,879,389	3,972,056
Net commutation loss	1,219,186	323,508
Tax expense	130,323	252,524
Underwriting income	1,558,346	4,466,505
Foreign exchange (loss)	(470,415)	(175,906)
General and administrative expenses (Note 16)	(715,547)	(377,039)
Operating income	372,384	3,913,560
Net interest income (Note 8)	156,228	88,709
Net investment income (Note 5)	643,744	189,647
Comprehensive income for the year	1,172,356	4,191,916

Mozart Insurance, Ltd.

Statement of Changes in Shareholder’s Equity

For the year ended December 31, 2021

(expressed in U.S. dollars)

	Share capital $	Contributed surplus $	Retained earnings $	Total Shareholder's equity $
December 31, 2019	120,000	6,497,324	(316,827)	6,300,497
Comprehensive income for the year	-	-	4,191,916	4,191,916
Dividends	-	-	(416,660)	(416,660)
December 31, 2020	120,000	6,497,324	3,458,429	10,075,753
Comprehensive income for the year			1,172,356	1,172,356
Dividends			(2,042,411)	(2,042,411)
December 31, 2021	120,000	6,497,324	2,588,374	9,205,698

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

Mozart Insurance, Ltd.
Statement of Cash Flows
For the year ended December 31, 2021

(expressed in U.S. dollars)

	2021 $	2020 $
Cash flows from operating activities		
Net income for the year	1,172,356	4,191,916
Change in non-cash balances relating to operations:		
Net unrealized gain on investments	(668,470)	(121,302)
Non-cash interest income	(42,411)	-
Net realized loss (gain) and investment income	20,711	(99,971)
Change in Amounts due from related party	-	120,000
Change in Interest receivable	72,109	(72,109)
Change in Accounts receivable	1,365,172	(1,365,172)
Change in Insurance balance receivable	2,090,764	147,897
Change in Deferred acquisition cost	711,179	(723,701)
Change in Prepaid expenses	10,864	(17,972)
Change in Amounts due to related party	-	(44,619)
Change in Accrued payable and accrued expenses	(4,926)	(125)
Change in Provision for losses and loss expenses	1,623,932	(1,324,727)
Change in Unearned premium reserve	(1,001,216)	729,177
Cash flow provided by operating activities	5,350,064	1,419,292
Cash flows from financing activities		
Additional capital contributions	-	-
Cash provided by financing activities	-	-
Cash flows from investment activities		
Sale of investments	5,291,611	1,962,217
Purchase of investments	(9,158,847)	(3,808,700)
Loan to parent company	(2,000,000)	
Collection of loan	361,381	(361,381)
Cash used in investment activities	(5,505,855)	(2,207,864)
Net decrease in cash and cash equivalents	(155,791)	(788,572)
Cash and cash equivalents at beginning of year	690,533	1,479,105
Cash and cash equivalents at end of year	534,742	690,533

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

(expressed in U.S. dollars)

1. The Company

Mozart Insurance Ltd. ("the Company") was incorporated under the laws of Bermuda on July 12, 2019 and has its place of business in Bermuda. On September 26, 2019, the Company registered as a Class 3A insurer under The Insurance Act 1978 (Bermuda) amendments thereto and related regulations ("The Insurance Act"). The address of the Company's registered office is Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda.

The Company is owned by Newport International Limited, a company incorporated and registered in Bermuda. The ultimate beneficial owners of the Company are Lilian Gutt de Mishaan (75%) and Alberto Mishaan Gutt (25%). The Company assumed the business previously written in a Bermuda segregated account company managed by Independent Risk Solutions Ltd. (IRSL), a Bermuda registered company.

Effective March 1, 2017, the Bermuda segregated account entered into a reinsurance agreement with Ocean Re. Under the agreement, the segregated account ultimately provided excess of loss reinsurance under a treaty covering multiple lines of business and will take the form of a non-proportional excess of loss policy. Risks covered include Surety Bonds, General Liability, Group Life and Property. The segregated account cancelled its agreement with Ocean Re as of February 28, 2018 and was commuted on July 22, 2021, then entered into a reinsurance agreement with Hanover Re. This agreement covered the same lines of business as they had with Ocean Re and was effective as of May 15, 2018. The program was renewed on May 15, 2019 until May 14, 2020. The Hannover Re contract was commuted on November 22, 2021.

The Company chose Munich Re as reinsurer for the new period policy effective as of May 15, 2020 until June 30, 2021 and was extended until December 31, 2021.

The table below provides details with respect to the lines of business and limits:

Munich Re contract:

Contract Line	Contract Type	Currency	Attachment in COP	Contract Limit in COP	Signed Line	Reinstatement	Line%	Limit per Loss in COP
Motor	QS	COP	0	3,250,000,000	39%	0	100%	1,267,500,000
TPL Auto	QS	COP	0	4,000,000,000	33%	0	100%	1,300,000,000
Lease	QS	COP	0	6,000,000,000	18%	0	100%	1,080,000,000
Personal Accidents	QS	COP	0	300,000,000	48%	0	100%	144,000,000

2. Summary of significant accounting policies

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

(a) Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations as issued by the International Accounting Standards Board (IASB). The statement of financial position is presented in order of liquidity.

The financial statements were authorised for issue by the Board of Directors on April 28, 2022.

(expressed in U.S. dollars)

(b) Basis of presentation

The Company's financial statements have been prepared under the historical cost basis, except for investments, which are recorded at fair value, and reserves for losses and loss expenses, which are estimated.

The Company has prepared its financial statements in conformity with IFRS 4 "Insurance Contracts", effective January 1, 2006 and believes it is in compliance with the requirements as prescribed by the IASB in its first phase of the standard. IFRS 4 is an interim measure until the IASB completes the second phase of its project on insurance contracts.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting polices and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Certain comparative figures have been reclassified to conform to the current year's presentation and disclosure.

(c) Functional currency

The financial statements are presented in United States dollars, which is the Company's functional currency.

(d) Translation of foreign currencies

Monetary assets and liabilities originating in other currencies are translated into United States dollars (the functional currency) at the rates of exchange in effect at the reporting date. Non-monetary items originating in other currencies are translated into United States dollars at the rates of exchange in effect at the dates when the transactions occurred. Revenue and expense items are translated into United States dollars at the rate of exchange prevailing at the time of the transaction. The resulting exchange gains or losses are recognized in net income. For the year ended, December 31, 2021, the statement of comprehensive income reflects foreign currency transaction (loss) of $(227,921), for 2020 $(175,906).

(d) Premiums assumed and acquisition cost

Premiums are assumed on an accrual basis. Premiums assumed are earned on a pro-rata basis over the term of the policies. As a COVID-19 impact (Note 20) the transport sector in Colombia changed in their financial dynamics, therefore Mozart received premiums from the Motor and TPL Auto lines on a monthly basis under the basis of the following split which were used on a consistent basis during 2021:

Line of business	% Monthly	% Annually
Auto Motor	91%	9%
Lease	0%	100%
Personal Accident	0%	100%
TPL Motor	66%	34%

(expressed in U.S. dollars)

Premium earnings based on the above allocation is as follows:

Monthly

Line of business	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
Auto Motor	426,670	525,322	483,381	587,130	2,022,503
Lease	0	0	0	0	0
Personal Accident	0	0	0	0	0
TPL Motor	1,298,887	1,527,858	1,210,571	1,497,019	5,534,335
	1,725,557	2,053,180	1,693,952	2,084,149	7,556,838

Annually

Line of business	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
Auto Motor	42,198	51,955	47,807	58,068	200,028
Lease	185,916	174,255	215,447	206,120	781,738
Personal Accident	55,975	55,500	95,039	96,199	302,713
TPL Motor	669,123	787,079	623,628	771,192	2,851,021
	953,213	1,068,788	981,921	1,131,578	4,135,500

Premium adjustments are recorded in the period in which they are known or paid. Commissions and other underwriting expenses relating to earned premiums are expensed over the policy periods.

(e) Provision for losses and loss expenses

Losses and loss expenses paid are recorded as reported. The provision for losses and loss expenses comprises estimates for known losses and loss expenses received from the ceding insurance companies plus a provision for losses incurred but not reported. The provisions are necessarily estimates and losses may ultimately be settled for a greater or lesser amount than that recorded in the financial statements. Any adjustments thereto are reflected in earnings in the period in which they become known.

(f) Cash and cash equivalents

The Company considers all highly liquid debt instruments with a maturity of 90 days or less at the date of purchase to be cash equivalents.

(g) Investments

While a number of new or amended IFRS standards have recently been issued, there are no standards issued that have had a material impact on the Company. The Company has adopted IFRS 9, Financial Instruments for the financial year commencing September 26, 2019.

Financial Instruments Classification and measurement of financial assets and financial liabilities

IFRS 9 provides three principal classification categories for financial assets: measure at amortized cost; fair value through other comprehensive income or fair value through profit and loss. The classification of financial assets under IFRS 9 is generally based on the business model which a financial asset is managed and its contractual cash flow characteristics.

(expressed in U.S. dollars)

The Company has assessed the business model to the portfolio of financial assets held and determined that financial assets are managed and evaluated based upon their fair value performance and held for trading and thereby measured at fair value through profit or loss as financial assets are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Company therefore recognizes financial assets at fair market value through profit or loss with subsequent measurement at fair market value through profit or loss with any change in the fair market value reported in investment income in the statement of comprehensive income. The fair market value is provided by JP Morgan as custodian.

Impairment

Under IFRS 9, investments are recorded at fair value through profit or loss, and therefore the new impairment credit model of IFRS 9 is not applicable. Furthermore, insurance and reinsurance debtors are classified as insurance assets under IFRS 4 and are also excluded from the IFRS 9 impairment model.

Realized gains and losses on sales of marketable securities are included in income on the actual cost basis.

(h) Other financial assets

The Company's management assess at each reporting date whether there is objective evidence that a financial asset is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows. The carrying value of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

(i) Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Although these estimates are based on management's best information of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgment and or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below:

Claims reserves

The provision for claims is an estimate made by management using reported losses notified by the ceding companies plus an estimate for losses incurred but not reported based on actuarial techniques using the past experience of the Company. All provisions are periodically reviewed and evaluated in the light of emerging claim experience and changing circumstances. It is reasonably possible that changes in future conditions could require a change in the amount estimated. The resulting changes in estimates of the ultimate liability are recorded as incurred losses in the current period.

(j) Offsetting financial instruments

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

(expressed in U.S. dollars)

(k) New Standards, interpretations and amendments to published standards that have been adopted by the Company

<u>New and revised IFRSs in issue-adopted</u>

No new standards to adopt in the current financial year.

<u>New and revised IFRSs in issue-Not yet adopted</u>

IFRS 17 Insurance Contracts

In May 2018, the IASB published IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. In contrast to the requirements in IFRS 4, which are largely based on grandfathering of previous local accounting policies, IFRS 17 provides a comprehensive and consistent approach to insurance contracts. The core of IFRS 17 is the general model, supplemented by a specific adaption for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts are, as follows: the measurement of the present value of future cash flows incorporating an explicit risk adjustment and remeasured every reporting period (the fulfilment cash flows); a contractual service margin that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (coverage period); the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of insurance services provided during the period; and extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The impact of the adoption of IFRS 17 has yet to be fully assessed by the Company but it is expected there will not be significant impacts relating to the measurement and presentation of the contracts in scope of the standard. This standard applies to annual reporting periods beginning on or after 1 January 2023.

3. Cash and cash equivalents

The Company has the cash and equivalents as follows:

	2021 $	2020 $
Cash at banks	534,742	690,533
	534,742	690,533

4. Investments

The Company has investments in multiple financial instruments such as fixed income and equities. In addition, the Company has invested into a private company as follows:

The Company entered into an Assumption and Assignment Agreement on October 3, 2019 with respect to an investment in 340 Biscayne Borrower. The Company's investment was a loan but on 2020 was reclassified as

(expressed in U.S. dollars)

investments with a fair value of $ 805,552 (2020 - $478,505) as at December 31, 2021. The investment does not have any interest rate attached to it. The parties agreed to share any gain on the property sale (after the investment has been repaid) in a fixed proportion between the investors and investment manager, the proportional split is 80% to investors and 20% to Kawa Capital. The investment was sold in January 2022 for a total value of $810,110 to the Company. The amount of $393,523 was received in January 2022 and the balance of $416,587 was received in March 2022.

	2021		2020	
	Cost $	Carrying value $	Cost $	Carrying value $
Mutual Fund	-	-	157,969	281,572
Hedge Fund	-	-	256,943	294,385
Corporate bonds	-	-	2,959,678	3,023,253
Equity and Exchange Traded Funds ("ETF")	8,632,350	8,632,350	298,026	336,492
Private companies	624,678	805,552	1,133,378	987,205
	8,909,811	9,437,902	4,805,994	4,922,907

The Company's investments are managed by JP Morgan and are distributed in two sections: funds in US mainly on Lumyna, Ishares, HSBC Global funds and Blackrock Global Funds; and Equities and ETFs in Ireland, Luxembourg, United Kingdom and US mainly on BlackRock, Invesco, Ishares and Xtrackers.

5. *Investment income*

Net investment income on investments was derived from the following:

	2021 $	2020 $
Net unrealized gain	664,455	89,676
Net realized (loss) gain	(41,703)	99,971
Net investment income	20,992	-
Total	643,744	189,647

6. *Fair value measurement*

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to fair values derived from unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

(expressed in U.S. dollars)

Level 1 - Quoted prices for instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 - Model derived valuations in which one or more significant inputs or significant value drivers are unobservable.

The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The Company determined that securities classified as Level 1 would include U.S. government and exchange traded securities and derivative financial instruments that have quoted prices on a recognized exchange. Level 2 would include corporate debt securities. The fair value of these assets is based on the prices obtained by both the investment manager and custodian who obtain market data from numerous independent pricing sources.

A review of the fair value hierarchy classifications is conducted on an ongoing basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets and liabilities.

Fair value hierarchy

The following summary presents the analysis of the Company's financial instruments by level of input for determining fair value as indicated on note 3 on significant accounting policies:

	Financial Instruments at December 31, 2021			
	Total **$**	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**
FVPL				
Equity and ETF	8,632,350	8,632,350	-	-
Private companies	805,552	-	-	805,552
	9,437,902	8,632,350	-	805,552

(expressed in U.S. dollars)

	Financial Instruments at December 31, 2020 Total $	Level 1 $	Level 2 $	Level 3 $
FVPL				
Mutual Fund	281,572	-	281,572	-
Hedge Fund	294,385	-	294,385	-
Aqua Funds	-	-	-	-
Corporate bonds	3,023,253	3,023,253	-	-
Equity and ETF	336,492	336,492	-	
Private Companies	987,205	-	-	987,205
Note receivable	361,381	-	-	361,381
Accounts receivable	1,365,172	-	-	1,365,172
	6,649,460	3,359,745	575,957	2,713,758

7. Interest receivable

Net interest income on investments and premiums receivable was derived from the following:

	2021 $	2020 $
JP Morgan	-	37,787
Hannover Re	-	34,322
Total	-	72,109

8. Interest income

Interest income was derived from the following:

	2021 $	2020 $
Interest in loans	20,902	16,600
Interest JP Morgan	4,015	37,787
Interest Hannover Re	103,286	34,322
Interest in related parties	28,025	-
Total	156,228	88,709

9. Note receivable

The loan balances as of December 31, 2021 and 2020 of $Nil and $361,381 respectively, correspond to the loan made to River Point Communities, LLC., done on July 16, 2020, and received on August 4, 2021, the interest was rated at 10%.

(expressed in U.S. dollars)

10. Accounts receivable

As of December 31, 2021 and 2020 of $Nil and $1,365,172 respectively, correspond to the Aqua funds that where liquidated during 2021.

11. Insurance balances receivable

Reinsurance balances receivable are due from Munich Re. The periods of the policies written with Munich Re are from May 15, 2020 to December 31, 2021.

	2021	**2020**
	$	**$**
Hannover Re	-	6,153,569
Munich	6,021,774	1,958,969
	6,021,774	8,112,538

12. Provision for losses and loss expenses

The analysis of liabilities under insurance contracts as at December 31, 2021 and 2020 is as follows:

Lines of business

	2021	**2020**
	$	**$**
Auto TPL	4,773,538	3,745,639
Auto Motor	408,394	159,262
Lease	566,025	194,244
Personal Accidents	59,248	12,128
Casualty	-	72,000
	5,807,205	4,183,273

Provision for losses and loss expenses comprises:

	2021	**2020**
	$	**$**
Provision for reported losses and loss expenses	1,063,205	838,273
Provision for losses incurred but not reported	4,744,000	3,345,000
Provision for loss expenses	5,807,205	4,183,273

(expressed in U.S. dollars)

Reconciliation of provision for losses and loss expenses

	2021 $	2020 $
Net loss and loss expense provisions at beginning of year	4,183,273	5,508,000
Net claims incurred for the period related to:		
Current year	6,095,186	2,350,333
Prior year	(1,850,094)	(2,392,694)
	4,245,092	(42,361)
Net paid claims for the period related to:		
Current year	1,907,836	1,035,717
Prior year	713,324	246,649
	2,621,160	1,282,366
Net loss and loss expense provisions at end of year	5,807,205	4,183,273
Losses recoverable	-	-
Gross loss and loss expense provision at end of year	5,807,205	4,183,273

The unfavourable development in 2021 of $(1,850,094) (2020 - $(2,392,694)) relating to prior period was due to the development on losses reported to the Company for claims prior to December 31, 2021. The development relating to prior period represents the on-going settlement of claims which are sometimes settled for amounts either more or less than originally reserved.

During the year ended December 31, 2021 the Company developed a loss on the commutation agreement with Hannover Re contract related with underwriting years 2019-2020 proportional contracts of $1,219,186.

The table below illustrate how the Company's estimate of ultimate losses (i.e. the aggregate of paid losses, held case reserves and IBNR reserves) for each policy year has changed at successive year-ends. The tables analyse the loss and loss expense reserves appearing in the statement of financial position at December 31, 2021.

	2020	2021	As at December 31, 2021
Estimate of ultimate claims			
- At end of year	807,381	6,095,186	6,095,186
- One year later	632,085		632,085
- Two years later			
Current estimate of ultimate claims			6,727,271
Less: Cumulative payments to date (from inception to date)			(920,066)
Liability recognised in the Statement of Financial Position			5,807,205

(expressed in U.S. dollars)

13. Share Capital and contributed surplus

Newport International Limited capitalized the Company upon incorporation by subscribing for 120,000 shares of par value $1 each. On October 1, 2019, the Company received contributed surplus in the amount of $6,497,324 resulting from agreements transferring assets and liabilities into the Company from a Bermuda segregated account previously held in Independent Risk Solutions Ltd.

14. Management of insurance and financial risk

Financial risk management objectives and policies

The Company has a comprehensive risk management framework to monitor, evaluate and manage the risks assumed in conducting its business. The Company manages these risks using extensive risk management policies and practices. The risks that arise from transacting financial instruments include credit risk, market risk and liquidity risk. These risks may be caused by factors specific to an individual instrument or factors affecting all instruments traded in the market.

Risk management objectives and policies as they relate to the specific financial risks are as follows:

Concentration of credit risk

The Company is party to financial instruments with concentration of credit risk. These financial instruments consist principally of cash and cash equivalents and marketable securities. As of December 31, 2021, cash and cash equivalents were held with financial institutions in the United States, that the Company considers high quality. The Company does not believe there are significant risks associated with these risk concentrations.

The Company's investment portfolio is also managed by external managers in the United States. The Company minimizes the risk associated with these concentrations by adhering to a conservative investment strategy.

Credit risk

Credit risk is the risk of financial loss resulting from the failure of debtors to make payments of interest and/or principal when due. The Company is exposed to credit risk principally through its cash and cash equivalents, financial assets and insurance balances receivable. Concentrations of credit risk arise from exposures to a single debtor or groups of debtors that have similar credit risk characteristics, such as debtors in the same geographic regions or in similar industries. The Company's maximum credit risk exposure is the carrying value of the assets net of any allowances for doubtful debts. Credit risk relating to financial assets at fair value through profit or loss is managed through monitoring of the issuer, industry and geographical diversification within the investment portfolio. The Company mitigates credit risk on its insurance balances receivable through detailed credit and underwriting policies and on-going monitoring of outstanding receivables.

(expressed in U.S. dollars)

Credit Rating

Credit ratings for investments held by the Company as at December 31, 2021 range from AAA to non-rated (2020 – A to non-rated) as set out by S&P, Fitch or Moody's (as available).

	2021 USD	2020 USD
AAA	1,752,618	-
AA	2,300,590	-
AA-	3,176,553	-
A	257,437	575,957
A-	258,640	-
BBB	-	23,861
BBB-	-	284,408
BB+	-	936,493
BB	87,318	618,993
BB-	-	684,630
B+	175,850	255,367
B	-	95,550
B-	-	87,585
NR	1,428,897	1,360,063
	9,437,902	**4,922,907**

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes currency risk, interest rate risk and other price risks such as equity risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At the balance sheet date, the Company did not have a material currency exposure related to financial instruments.

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. The Company actively manages its interest rate exposure with the objective of enhancing net investment income within established risk tolerances and Board approved investment policies. The Company is exposed to interest rate price risk on monetary assets that have a fixed interest rate. During periods of rising interest rates, the market value of the existing fixed interest securities will generally decrease and realized gains on fixed income securities will likely be reduced. The reverse is true during periods of declining interest rates.

(expressed in U.S. dollars)

Liquidity risk

Liquidity risk is the risk of having insufficient cash resources to meet cash outflow commitments as they fall due. Liquidity risk arises from general business activities and in the course of managing the assets and liabilities. There is a risk of loss to the extent that the sale of a security prior to maturity is required to provide liquidity to satisfy claims and other cash outflows. The liquidity requirements of the Company's business have been met primarily by funds generated by operations, asset maturities and income and other returns received on securities. The Company generally maintains a conservative liquidity position that exceeds anticipated obligations. The Company has policies to limit and monitor its exposure to individual issuers and to ensure that assets and liabilities are broadly matched in terms of their duration. Management believes the Company has sufficient funds to meet its liabilities and to satisfy regulatory capital requirements as at December 31, 2021 due to the cash and cash equivalents held by the Company exceeding the total liabilities recognized on the statement of financial position.

(a) Maturity analysis for insurance liabilities is analyzed in the tables below.

	Carrying amount 2021	0-1 year	1-2 years
Provision for claims	5,807,205	1,925,587	3,881,618
Unearned premiums	1,628,097	1,628,097	-
	7,435,302	3,553,684	3,881,618

	Carrying amount 2020	0-1 year	1-2 years
Provision for claims	4,183,273	2,519,762	1,663,511
Unearned premiums	2,629,313	2,629,313	
	6,812,586	5,149,075	1,663,511

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random and the actual number and amount of claims will vary from year to year.

(expressed in U.S. dollars)

(a) Concentration of insurance risk by line of business

Gross written premium

	2021 $	2020 $
Auto TPL	8,631,590	6,524,276
Auto Motor	2,307,637	3,383,675
Lease	786,078	508,699
Personal Accident	305,816	191,976
Surety Bonds	-	204,786
Short Circuit	-	110,995
	12,031,121	10,924,407

(b) Concentration of insurance risk by geographical locations

The entire portfolio covers Colombia.

Fair Value

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Cash and cash equivalents: Represents cash deposits held at financial institutions and short term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of 90 days or less. The carrying amounts reported in the Statement of financial position for these instruments approximate their fair values.

Financial assets at fair value through profit or loss: Are managed and evaluated based upon their fair value performance and held for trading and thereby measured at fair value through profit or loss. The fair value of these investments and other assets are disclosed in Note 6.

Other assets and liabilities: The fair value of insurance balances receivable, accrued interest, reinsurance balances payable, premiums received in advance and accounts payable and accrued expenses approximates their carrying value due to their relative short-term nature.

The estimates of fair values presented herein are subjective in nature and are not necessarily indicative of the amounts that the Company would actually realize in a current market exchange. However, any differences would not be expected to be material. Certain items such as deferred reinsurance premiums, deferred acquisition costs, outstanding loss reserve, prepayments and unearned premiums are excluded from fair value disclosure. Thus, the total fair value amounts cannot be aggregated to determine the underlying economic value of the Company.

15. Capital Management

The Company's capital consists of share capital, contributed surplus and retained earnings. The Company's primary objective when managing its capital is to ensure its ability to continue as a going concern. The Company manages its capital requirements in line with the results of operations. Actions to obtain an optimal capital structure may include additional contributions or capital subscriptions or payment of dividend to the shareholder.

(expressed in U.S. dollars)

16. General and administrative expenses

The following table analyses general and administrative expenses totaling $715,547 (2020: $377,039), which have been included in the statement of profit or loss:

	2021 **$**	**2020** **$**
Consultancy fees	300,000	-
Service level agreement	130,000	-
Management fees	115,169	157,545
Directors’ fees	25,000	25,000
Actuarial fees	43,350	70,170
Audit fees	28,047	47,584
Bermuda government	28,825	31,775
Investment administration fees	19,162	1,875
Legal and secretarial fees	14,018	21,010
D & O liability insurance	8,818	11,385
Bank charges	3,158	1,050
Office rent	-	5,500
Miscellaneous expenses	-	3,042
Communications	-	1,103
	715,547	377,039

17. Statutory requirements

The Company must at all times maintain a solvency margin and an enhanced capital requirement in accordance with the provisions of the Insurance Act, 1978 of Bermuda. Each year the Company is required to file with the Bermuda Monetary Authority a capital and solvency return within four months of its relevant financial year end (unless specifically extended).

The prescribed form of capital and solvency return comprises the insurer's Bermuda Solvency Capital Requirement ("BSCR") model, a schedule of fixed income investments by rating category, a schedule of net loss and loss expense provision by line of business, a schedule of premiums written by line of business, a schedule of risk management and a schedule of fixed income securities.

As a Class 3A insurer, the Company is required to maintain available statutory capital and surplus in an amount that is equal to or exceeds the target capital levels based on enhanced capital requirements ("ECR") calculated using the BSCR model. The BSCR model is a risk-based capital model introduced by the Authority that measurers risk and determines ECR and a target capital level (defined as 120% of the ECR) based on the Company's statutory financial statements. In circumstances where the Authority concludes that the Company's risk profile deviates significantly from the assumptions underlying the ECR or the Company's assessment of its management policies and practices, it may issue an order requiring that the Company adjust its ECR.

During the year ended and as of December 31, 2021, the Company met the target capital level required under the BSCR.

The Insurance Act mandates certain actions and filings with the Authority if the Company fails to meet and maintain its ECR or solvency margin, including the filing of a written report detailing the circumstances giving rise to the failure and the manner and time within which the insurer intends to rectify the failure. The Company is prohibited from declaring or paying a dividend if its statutory capital and surplus is less than its ECR, or if it is in breach of its

(expressed in U.S. dollars)

solvency margin or minimum liquidity ratio, or if the declaration or payment of such dividend would cause such breach.

The Company is required by its license to maintain unconsolidated capital and surplus greater than a minimum statutory amount determined as the greater of a percentage of outstanding losses (net of reinsurance recoverable) or a given fraction of net written premiums. At December 31, 2021, the Company met this requirement. Actual statutory capital and surplus is $9,192,650 (2020 - $10,051,841).

The Company is also required to maintain a minimum liquidity ratio whereby the value of its unconsolidated relevant assets is not less than 75% of the amount of its unconsolidated relevant liabilities. At December 31, 2021, the Company was required to maintain relevant assets of approximately $ 5,636,344 (2020 - $5,173,002). At that date relevant assets were $15,994,418 (2020 - $13,289,387) and the minimum liquidity ratio was therefore met.

18. Related party transactions

When the Company received the assets and liabilities via a business transfer agreement on October 1, 2019, a loan in the amount of $416,660 made to the Company's Parent was transferred to the Company. The original loan was entered into on May 31, 2015 between Newport International Corp., and Independent Risk Solutions Ltd. in respect of its Segregated Account Mozart 06-14, with a maturity date of May 30, 2018 and an interest rate of 0%. The term and conditions of the Original Loan Agreement were extended for a period of three (3) years with a new maturity date of May 30, 2021. On January 31, 2020 the Company issued a dividend for $416,660 to pay the loan.

An informal loan in the amount of $120,000 was also made to the Company's Parent from Independent Risk Solutions Ltd. in respect of its Segregated Account Mozart 06-14. This loan was also transferred to the Company via a business transfer agreement on October 1, 2019. The purpose of the loan was to provide the capital with respect to incorporation of the Company on July 12, 2019. The loan was collected on February 17, 2020.

Mozart Insurance Ltd, entered into a loan agreement with Newport International Limited (the Company's parent) on January 15, 2021 amounting to $2,000,000. The loan term was until January 15, 2026 and carried an interest rate of 3%. In addition, the loan terms permitted the repayment of the loan at any time. On September 30, 2021 Mozart Insurance Ltd elected to repay the loan by way of a dividend declaration amounting to $2,042,411 as approved by the Board of Directors.

The Company entered into a Service Level Agreement with Newport International in January 2021. The Service Level Agreements originally provided for the monthly fee of $ 10,000 to be paid, the amount was changed to $15,000 in November 2021. The Service Level Agreement indicates that the Service Provider (Newport International Limited) shall provide general management and administrative services on behalf of the Company. For the year ended 2021, Newport provided services amounting to $130,000 and as at December 31, 2021 the amount payable was $Nil.

19. Taxation

Under current Bermuda law the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed the Company will be exempted from taxation until the year 2035.

20. COVID-19

Since the outbreak of COVID-19 in the first quarter of 2020, global financial markets have experienced, and may continue to experience significant volatility and there are significant consequences for the global economy from travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on the global economy and the sectors in which the Company, its parent [and its policyholders] operate is uncertain at this time. Management, under the oversight

(expressed in U.S. dollars)

of the Board of Directors, has performed an assessment of the potential effects of COVID-19 on the Company's operations and related financial performance. In the transport sector in Colombia a change was generated in the financial dynamics, therefore during 2021 Mozart received premiums from the Motor and TPL Auto lines on a monthly basis under the percentages reported in note 2. The Company's continues to meet its statutory solvency and liquidity ratio requirements. As a result of this assessment management has concluded that the Company's financial performance has not been significantly impacted by the COVID-19 outbreak and it will continue to monitor the situation and any potential future impact on the Company.

21. Subsequent events

In preparing the financial statements, management evaluated subsequent events through April 28, 2022, which is the date that these financial statements are available to be issued.