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# FINANCIAL STATEMENTS 2022

## GARD MARINE & ENERGY LIMITED

*for the period 21 February 2022 to 31 December 2022*





## Independent auditor's report

To the Shareholder of Gard Marine & Energy Limited

### Our opinion

We have audited the financial statements of Gard Marine & Energy Limited, which comprise:

- The financial statements of the parent company Gard Marine & Energy Limited (the "Company"), which comprise the balance sheet as at December 31, 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the period from February 21, 2022 to December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Gard Marine & Energy Limited and its subsidiaries (together the "Group"), which comprise the balance sheet as at December 31, 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the period from February 21, 2022 to December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements of the Company give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flow for the period from February 21, 2022 to December 31, 2022 in accordance with the "Regulations for Annual Accounts for General Insurance Companies" approved by the Norwegian Ministry of Finance, and
- the consolidated financial statements of the Group give a true and fair view of the financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flow for the period from February 21, 2022 to December 31, 2022 in accordance with the "Regulations for Annual Accounts for General Insurance Companies" approved by the Norwegian Ministry of Finance.

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### 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 and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements of the Company and the consolidated financial statements of the Group 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 the Board of Directors and the Managing Director for the financial statements**

The Board of Directors and the Managing Director (together “management”) are responsible for the preparation of the financial statements of the Company and the consolidated financial statements of the Group that give a true and fair view in accordance with the “Regulations for Annual Accounts for General Insurance Companies” approved by the Norwegian Ministry of Finance, and for such internal control as management determines is necessary to enable the preparation of financial statements of the Company and consolidated financial statements of the Group that are free from material misstatement, whether due to fraud or error.

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

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### **Auditor’s responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company and the consolidated financial statements of the Group 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, both the Company’s and the Group’s.

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 of the Company and the consolidated financial statements of the Group, 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 or the Group’s internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Company and the consolidated financial statements of the Group 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 and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company and the consolidated financial statements of the Group, including the disclosures, and whether the financial statements of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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*PruewaterhouseCoopers Ltd.*

**Chartered Professional Accountants**

**Hamilton, Bermuda**

**March 16, 2023**

# GARD MARINE & ENERGY LIMITED

## Statement of comprehensive income

Amounts in USD 000's	Notes	Parent company		Consolidated accounts	
		21.02.22 to 31.12.22	21.02.21 to 20.02.22	21.02.22 to 31.12.22	21.02.21 to 20.02.22
<b>Technical account</b>					
Gross written premium	4, 5	325,823	435,841	383,221	502,127
Gross earned premium	5	404,547	399,936	469,439	454,601
Ceded reinsurance	5	(254,878)	(244,819)	(274,722)	(258,290)
<b>Earned premium for own account</b>	5	<b>149,669</b>	<b>155,118</b>	<b>194,717</b>	<b>196,311</b>
<b>Other insurance related income</b>		<b>17</b>	<b>3</b>	<b>24</b>	<b>3</b>
Gross incurred claims	5	166,074	241,742	200,382	270,487
Reinsurers' share of gross incurred claims	5	(85,360)	(127,713)	(90,581)	(128,588)
<b>Claims incurred for own account</b>	5	<b>80,714</b>	<b>114,029</b>	<b>109,801</b>	<b>141,899</b>
Acquisition costs	6	15,014	16,287	23,396	24,522
Agents' commission	6	47,790	50,822	44,111	46,251
Commission received	6	(46,818)	(45,941)	(54,722)	(49,318)
<b>Insurance related expenses for own account</b>	6	<b>15,986</b>	<b>21,168</b>	<b>12,784</b>	<b>21,455</b>
<b>Other insurance related expenses</b>	6	<b>1,327</b>	<b>1,365</b>	<b>2,277</b>	<b>2,469</b>
<b>Technical result</b>		<b>51,658</b>	<b>18,558</b>	<b>69,879</b>	<b>30,491</b>
<b>Non-technical account</b>					
Interest and similar income/(expenses)	7	(48)	94	(887)	(1,090)
Change in unrealised loss on investments	10	(20,280)	(7,456)	(21,834)	(9,558)
Gain/(loss) on realisation of investments		(409)	3,582	(1,504)	4,139
Other expenses		(237)	(166)	(202)	(150)
<b>Non-technical result</b>		<b>(20,974)</b>	<b>(3,946)</b>	<b>(24,426)</b>	<b>(6,658)</b>
<b>Profit before tax</b>		<b>30,684</b>	<b>14,612</b>	<b>45,453</b>	<b>23,833</b>
Corporate income tax	8	5,166	488	8,598	2,620
<b>Net result before other comprehensive income</b>		<b>25,518</b>	<b>14,124</b>	<b>36,855</b>	<b>21,213</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on subsidiaries		0	0	(10)	(18)
<b>Total comprehensive income</b>		<b>25,518</b>	<b>14,124</b>	<b>36,845</b>	<b>21,195</b>

# GARD MARINE & ENERGY LIMITED

## Balance sheet

Amounts in USD 000's	Notes	Parent company		Consolidated accounts	
		As at 31.12.22	As at 20.02.22	As at 31.12.22	As at 20.02.22
<b>Assets</b>					
<b>Investments</b>					
<i>Financial investments in subsidiaries</i>					
Investments in subsidiaries	9	66,550	66,550	0	0
<i>Financial investments at fair value through profit or loss</i>					
Equities and investment funds	10	46,692	43,017	49,290	45,929
Interest-bearing securities and funds	10, 11	238,976	207,613	341,579	282,382
<b>Total investments</b>		<b>352,218</b>	<b>317,179</b>	<b>390,869</b>	<b>328,311</b>
<b>Reinsurers' share of technical provisions</b>					
Reinsurers' share of gross premium reserve	5, 11	84,966	152,282	87,685	154,451
Reinsurers' share of gross claims reserve	5, 11	183,663	189,598	194,470	195,478
<b>Total reinsurers' share of technical provisions</b>	5	<b>268,629</b>	<b>341,880</b>	<b>282,155</b>	<b>349,929</b>
<b>Receivables</b>					
<i>Receivables from direct insurance operations</i>					
Policyholders	12	1,429	7,736	3,000	9,204
Intermediaries	12	137,983	146,291	218,737	253,927
<i>Receivables from reinsurance operations</i>					
Receivables from reinsurance operations		1,420	901	1,410	948
Receivables from group companies		42,097	57,982	0	4,118
<i>Other receivables</i>					
Other receivables		3	0	3	10
Other receivables from group companies		10,139	77,815	10,455	77,821
<b>Total receivables</b>	11	<b>193,071</b>	<b>290,725</b>	<b>233,606</b>	<b>346,027</b>
<b>Other assets</b>					
Equipment		0	0	10	14
Cash and cash equivalents	11, 13	7,539	6,779	19,381	21,668
Deferred tax asset	8	454	645	560	184
Other assets	11	10,747	10,653	16,237	16,054
<b>Total other assets</b>		<b>18,741</b>	<b>18,077</b>	<b>36,187</b>	<b>37,920</b>
<b>Prepayments and accrued income</b>					
Accrued income and other prepayments		30,250	30,316	30,917	25,262
<b>Total prepayments and accrued income</b>		<b>30,250</b>	<b>30,316</b>	<b>30,917</b>	<b>25,262</b>
<b>Total assets</b>		<b>862,908</b>	<b>998,178</b>	<b>973,733</b>	<b>1,087,449</b>

# GARD MARINE & ENERGY LIMITED

## Balance sheet

Amounts in USD 000's	Notes	Parent company		Consolidated accounts	
		As at 31.12.22	As at 20.02.22	As at 31.12.22	As at 20.02.22
<b>Equity and liabilities</b>					
<b>Equity</b>					
<i>Paid-in equity</i>					
Statutory reserve	14	190,000	190,000	190,000	190,000
<i>Retained earnings</i>					
Guarantee scheme		118	120	118	120
Other equity		73,414	47,894	93,110	56,264
<b>Total equity</b>	15	<b>263,532</b>	<b>238,014</b>	<b>283,228</b>	<b>246,384</b>
<b>Technical provisions</b>					
Gross premium reserve	5	167,813	246,537	192,128	278,345
Gross claims reserve	5, 11	326,510	332,430	378,060	370,554
<b>Total technical provisions</b>		<b>494,323</b>	<b>578,967</b>	<b>570,188</b>	<b>648,900</b>
<b>Provisions for other liabilities</b>					
Income tax payable	8, 11	5,207	1,620	10,896	3,534
<b>Total provisions for other liabilities</b>		<b>5,207</b>	<b>1,620</b>	<b>10,896</b>	<b>3,534</b>
<b>Payables</b>					
Payables arising out of direct insurance operations	11	8,021	12,431	13,369	19,959
Payables arising out of reinsurance operations	11	4,952	69,186	6,962	71,151
Payables arising out of reinsurance operations - group companies	11	63,819	73,348	63,819	71,057
Payables group companies	11	454	197	548	234
Other payables	11	115	153	1,111	906
<b>Total payables</b>		<b>77,361</b>	<b>155,315</b>	<b>85,809</b>	<b>163,307</b>
<b>Accruals and deferred income</b>					
Accruals and deferred income		22,485	24,261	23,613	25,325
<b>Total accruals and deferred income</b>		<b>22,485</b>	<b>24,261</b>	<b>23,613</b>	<b>25,325</b>
<b>Total liabilities</b>		<b>599,376</b>	<b>760,164</b>	<b>690,505</b>	<b>841,066</b>
<b>Total equity and liabilities</b>		<b>862,908</b>	<b>998,178</b>	<b>973,733</b>	<b>1,087,449</b>

# GARD MARINE & ENERGY LIMITED

## Statement of changes in equity

Amounts in USD 000's	Parent company				Consolidated accounts			
	Statutory reserve	Guarantee scheme	Other equity	Total	Statutory reserve	Guarantee scheme	Other equity	Total
<b>Equity as at 21.02.21</b>	<b>190,000</b>	<b>77</b>	<b>33,813</b>	<b>223,890</b>	<b>190,000</b>	<b>77</b>	<b>35,077</b>	<b>225,154</b>
Net result	0	0	14,124	14,124	0	0	21,213	21,213
Provision to obliged fund	0	43	(43)	0	0	43	(43)	0
Exchange differences on subsidiaries	0	0	0	0	0	0	17	17
<b>Equity as at 20.02.22</b>	<b>190,000</b>	<b>120</b>	<b>47,894</b>	<b>238,014</b>	<b>190,000</b>	<b>120</b>	<b>56,264</b>	<b>246,384</b>
<b>Equity as at 21.02.22</b>	<b>190,000</b>	<b>120</b>	<b>47,894</b>	<b>238,014</b>	<b>190,000</b>	<b>120</b>	<b>56,264</b>	<b>246,384</b>
Net result	0	0	25,518	25,518	0	0	36,855	36,855
Provision to obliged fund	0	(2)	2	0	0	(2)	2	0
Exchange differences on subsidiaries	0	0	0	0	0	0	(10)	(10)
<b>Equity as at 31.12.22</b>	<b>190,000</b>	<b>118</b>	<b>73,414</b>	<b>263,532</b>	<b>190,000</b>	<b>118</b>	<b>93,110</b>	<b>283,228</b>



# GARD MARINE & ENERGY LIMITED

## Statement of cash flow

Amounts in USD 000's	Notes	Parent company		Consolidated accounts	
		21.02.22 to 31.12.22	21.02.21 to 20.02.22	21.02.22 to 31.12.22	21.02.21 to 20.02.22
<b>Cash flow from operating activities</b>					
Profit before tax		30,684	14,612	45,453	23,833
Tax paid	8	(1,484)	(11,082)	(1,484)	(11,082)
Change in unrealised gain on investments		20,280	7,456	21,834	9,558
Financial investments		(55,319)	59,527	(84,391)	40,030
Change in receivables and payables		19,607	(69,915)	34,740	(83,491)
Change in technical provisions and other accruals		(13,104)	9,714	(18,305)	26,690
Change in valuation due to change in exchange rates		96	(28)	(133)	(36)
<b>Net cash flow from operating activities</b>		<b>761</b>	<b>10,284</b>	<b>(2,286)</b>	<b>5,502</b>
<b>Cash flow from investment activities</b>					
Capital contribution paid to subsidiary	3	0	(10,079)	0	0
<b>Net cash flow from investment activities</b>		<b>0</b>	<b>(10,079)</b>	<b>0</b>	<b>0</b>
Net change in cash and cash equivalents		761	205	(2,286)	5,502
Cash and cash equivalents at beginning of the period		6,779	6,574	21,668	16,167
<b>Cash and cash equivalents at the end of the period</b>	11	<b>7,539</b>	<b>6,779</b>	<b>19,381</b>	<b>21,668</b>

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 1 - Corporate information

**Gard Marine & Energy Limited** (the "Company" or "Gard M&E") is a limited liability company and a wholly owned subsidiary of Gard P. & I. (Bermuda) Ltd. The Company domiciled in Bermuda and registered by the Bermuda Monetary Authority as a Class 3B insurer covering, *inter alia*, marine and energy risks. The principal activity of the Company is direct insurance of marine and energy risks. The Company is a part of the Gard group of companies where Gard P. & I. (Bermuda) Ltd. is the ultimate owner.

In 2022, the Company's General Assembly resolved to change the group's financial year, which will now end on 31 December. Therefore, the current financial period is from 21 February 2022 to 31 December 2022. From 1 January 2023, the full financial year will be 1 January to 31 December.

Comparative figures have not been adjusted in relation to the change of financial year and shows the activity for the 12-month period 21.02.2021 – 20.02.2022.

**Gard Marine & Energy Insurance (Europe) AS** ("Gard M&E Europe") is a wholly owned subsidiary of the Company. Gard M&E Europe is registered and domiciled in Norway and is licensed by the Norwegian Ministry of Finance to carry out direct insurance of marine and energy risks.

**Gard Marine & Energy Escritorio de Representacao no Brasil Ltda.** ("Gard Brasil") is a wholly owned subsidiary of the Company which is registered and domiciled in Brasil. Gard Brasil is a user to allow the Company to be registered as an Admitted Reinsurer in Brasil. The status as Admitted Reinsurer is required for the Company to get access to the Brazilian marine and energy market. Gard Brasil is the local representative of the Admitted Reinsurer.

The Company is the sole shareholder of Gard M&E Europe and Gard Brasil (together, the "group").

### Note 2 - Accounting policies

#### 2.1 Basis of preparation of the Accounts

The Company is incorporated under Bermuda Law. The operations and insurance activities of the Company are carried out by its insurance manager, Lingard Limited. The accounts include the activity from 21 February 2022 to 31 December 2022.

The financial statements have been prepared in accordance with regulations for annual accounts for general insurance companies approved by the Norwegian Ministry of Finance.

#### 2.2 Changes in accounting policies

There are no changes in accounting policies for the financial period ending 31 December 2022.

Starting 1 January 2023, the Company will implement IFRS 9. "Equities and investment funds" and "Interest-bearing securities and funds" have been measured at fair value in accordance with IAS 39. The same measurement rules will be applied under IFRS 9. As a result, the implementation of IFRS 9 is not expected to impact measurement of the Company's investments. At 31 December 2022, the Company did not hold investments measured at amortised cost. The impact of implementation of IFRS 9 on other financial assets is expected to be immaterial, if any.

#### 2.3 Basis for consolidation

The consolidated financial statements are made up of the accounts of Gard Marine & Energy Limited and the companies over which the Company has a controlling interest, i.e., Gard M&E Europe and Gard Brasil. A controlling interest is normally obtained when ownership of the shares in a company is more than 50 per cent and that ownership has the right to exercise control over the company.

Transactions between consolidated companies have been eliminated in the consolidated financial statements. The consolidated financial statements have been prepared in accordance with the same accounting principles for both parent and subsidiaries.

The acquisition method is applied when accounting for business combinations.

#### 2.4 Use of accounting estimates when preparing the accounts

The preparation of the accounts requires management to make estimates and assumptions that affect the valuation of assets, liabilities, revenues, expenses, and contingent liabilities. Due to unforeseen circumstances, these estimates may change in the future. Estimates and their assumptions are considered continuously, and accounts adjusted accordingly.

#### 2.5 Foreign currency

##### Functional currency and presentation currency

The accounts are prepared in USD, which is both the functional currency and presentation currency of the Company.

##### Transactions in foreign currency

Transactions in foreign currencies are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into USD using the exchange rate applicable on the balance sheet date. The currency exposure of the provision for claims is assessed to be equivalent to the same currency exposure as claims paid. The opening and closing balances of the provision for claims in foreign currency are translated into USD based on the same method as for monetary items. Translation differences are recognised in the statement of comprehensive income as they occur during the accounting period. Foreign exchange gains and losses that relate to borrowings, cash, and cash equivalents are presented as part of the non-technical result as 'Interest and similar income'. Foreign exchange gains and losses that relate to financial investments are presented as part of the non-technical result as 'Change in unrealised gain/loss on investments'.

All foreign exchange gains and losses relating to technical operations are presented in the statement of comprehensive income as part of the technical result.

The assets and liabilities of companies in the group that have a functional currency different from USD are converted into USD at the rate of exchange at the closing date. Income and expenses are translated at an average rate of exchange. All resulting exchange differences are recognised in 'Other comprehensive income'.

#### 2.6 Provisions, contingent liabilities and assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. For potential obligations whose likelihood is not remote or probable (i.e. not 'more likely than not'), a contingent liability is disclosed.

Contingent assets are not recognised in the financial statements, but are disclosed if it is likely that resources embodying economic benefits will flow to the Company.

#### 2.7 Events after the reporting period

New and material information on the group's financial position at the end of the reporting period, which becomes known after the end of the reporting period, is recorded in the financial statements. Events after the reporting period that do not affect the financial position at the end of the reporting period, but which will affect the financial position in the future, are disclosed if significant.

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 2 - Accounting policies continued

#### 2.8 Other significant accounting policies

Other significant accounting policies are presented and described in other notes to the financial statements, together with the more expanded disclosures for that particular area. This is done to make the disclosures more relevant to the users and make it easier to get an overview of the relevant note.

The following table includes other significant accounting policies that are described in other notes to the financial statements, including the number of the note:

Accounting policy	Note
Technical result	5
Technical provisions	5
Insurance related expenses	6
Non-technical items	7
Tax	8
Investments in subsidiaries	9
Financial Investments	10
Cash and cash equivalents	13

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 3 - Intra-group transactions

#### Reinsurance agreement with Gard M&E Europe

The Company is a reinsurer of 70 per cent of Marine & Energy risk underwritten by Gard M&E Europe that is not reinsured elsewhere. The Company's reinsurance activities are directly dependent on the volume underwritten by Gard M&E Europe.

Amounts in USD 000's	Received from Gard M&E Europe	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22
Reinsurance premium	105,112	96,118
Reinsurers' share of gross settled claims	(38,250)	(49,073)
Reinsurance commission	(21,397)	(22,394)

#### Reinsurance agreement with Gard Reinsurance Co Ltd.

The Company has entered into a reinsurance agreement with Gard Reinsurance Co Ltd ("Gard Re"). The Company is ceding 50 per cent of its insurance portfolio after taking the external reinsurance agreement into account.

Amounts in USD 000's	Ceded to Gard Re	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22
Reinsurance premium	(149,669)	(155,118)
Reinsurers' share of gross settled claims	70,642	96,860
Reinsurance commission	31,118	36,070

Amounts in USD 000's	Ceded to Gard Re	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22
Reinsurers' share of gross claims reserve	126,454	127,088

#### Insurance management agreement

The Company has appointed Lingard as its insurance manager and principal representative in Bermuda. The services provided by Lingard are governed by an insurance management agreement with the Company. The Company has entered into an insurance agreement with Gard (Singapore) Pte. Ltd. where Gard (Singapore) Pte. Ltd. is performing certain day-to-day operational functions for the Company's branches in Singapore. The Company has entered into an insurance agreement with Gard (HK) Limited where Gard (HK) Limited is performing certain day-to-day operational functions for the Company's branch in Hong Kong.

In addition, secondment agreements have been entered into between the insurance branches in Singapore and Hong Kong, and the insurance intermediary service company in the same country. Costs related to these agreements are reimbursed by the insurance branches directly to the insurance intermediary service companies.

Amounts in USD 000's	Insurance services invoiced	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22
Lingard Limited	26,379	31,142
Gard (Singapore) Pte. Ltd	1,629	1,838
Gard (HK) Limited	568	575

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 3 - Intra-group transactions continued

#### Insurance/reinsurance agency agreement

Lingard in its capacity as insurance manager of the Company has entered into insurance agency agreements with Gard AS and its subsidiaries. Gard AS is the general agent of the Norwegian branch of the Company, whereby Gard AS is delegated authority as an agent and insurance intermediary to perform claims handling and underwriting functions on behalf of the two Bermuda-based risk carriers. The Company has entered into a reinsurance agency agreement with Gard Brasil, whereby Gard Brasil acts as local representative in Brasil.

Amounts in USD 000's	Insurance services invoiced	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22
Gard Brasil	365	380

#### Capital contributions

Amounts in USD 000's	Capital contribution paid	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22
Gard M&E Europe	0	10,079

### Note 4 - Gross written premium by geographical areas

Amounts in USD 000's	Parent company		Consolidated accounts	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22	21.02.22 to 31.12.22	21.02.21 to 20.02.22
EEA (European Economic Area)	101,440	161,064	204,050	305,661
Norway	129,875	176,265	48,202	54,738
Other areas	94,509	98,512	130,969	141,728
<b>Total gross written premium</b>	<b>325,823</b>	<b>435,841</b>	<b>383,221</b>	<b>502,127</b>

The geographical split is made based on the location of the individual client.

Client is defined as any entity with an active insurance cover from the Company.

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 5 - Technical result and technical provisions

#### Accounting policy

##### Premiums and received reinsurance premiums

Premiums are based on the insurance contracts where one party (the insurer) has accepted a significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Premiums are recognised over the insurance policy period.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro-rata basis. The proportion attributable to subsequent periods is deferred as gross premium reserve.

##### Ceded reinsurance premiums

Reinsurance premiums are recognised as an expense over the underlying policy period.

##### Claims expenses

Expenses regarding incurred claims and other administrative expenses are recognised in the period they are incurred.

Paid claims include an allocated portion of both direct and indirect claims handling cost.

Amounts in USD 000's	Parent company			Consolidated accounts		
	Marine	Energy	Total	Marine	Energy	Total
			21.02.22 to 31.12.22			21.02.22 to 31.12.22
<b>Technical result</b>						
Gross written premium	276,663	49,160	325,823	327,545	55,676	383,221
Gross earned premium	345,969	58,579	404,547	402,465	66,973	469,439
Ceded reinsurance	(223,466)	(31,413)	(254,878)	(241,443)	(33,279)	(274,722)
<b>Earned premium for own account</b>	<b>122,503</b>	<b>27,166</b>	<b>149,669</b>	<b>161,023</b>	<b>33,694</b>	<b>194,717</b>
<b>Claims incurred, gross</b>						
Incurred this period	159,284	18,729	178,013	186,105	22,538	208,643
Incurred previous periods	(3,425)	(8,513)	(11,938)	(155)	(8,106)	(8,261)
<b>Total claims incurred, gross</b>	<b>155,858</b>	<b>10,216</b>	<b>166,074</b>	<b>185,950</b>	<b>14,432</b>	<b>200,382</b>
Reinsurers' share of gross incurred claims	(81,219)	(4,141)	(85,360)	(86,440)	(4,141)	(90,581)
<b>Claims incurred for own account</b>	<b>74,639</b>	<b>6,075</b>	<b>80,714</b>	<b>99,510</b>	<b>10,291</b>	<b>109,801</b>

Amounts in USD 000's	Parent company			Consolidated accounts		
	Marine	Energy	Total	Marine	Energy	Total
			21.02.21 to 20.02.22			21.02.21 to 20.02.22
<b>Technical result</b>						
Gross written premium	370,517	65,324	435,841	426,820	75,308	502,127
Gross earned premium	337,562	62,375	399,936	384,411	70,190	454,601
Ceded reinsurance	(209,970)	(34,849)	(244,819)	(221,709)	(36,581)	(258,290)
<b>Earned premium for own account</b>	<b>127,592</b>	<b>27,526</b>	<b>155,118</b>	<b>162,701</b>	<b>33,610</b>	<b>196,311</b>
<b>Claims incurred, gross</b>						
Incurred this period	214,807	16,222	231,029	239,511	18,289	257,800
Incurred previous periods	17,422	(6,708)	10,713	19,000	(6,313)	12,687
<b>Total claims incurred, gross</b>	<b>232,229</b>	<b>9,513</b>	<b>241,742</b>	<b>258,511</b>	<b>11,976</b>	<b>270,487</b>
Reinsurers' share of gross incurred claims	(124,290)	(3,422)	(127,713)	(125,166)	(3,422)	(128,588)
<b>Claims incurred for own account</b>	<b>107,939</b>	<b>6,091</b>	<b>114,029</b>	<b>133,345</b>	<b>8,554</b>	<b>141,899</b>

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 5 - Technical result and technical provisions continued

#### Accounting policy

Technical provisions are calculated in accordance with the regulations for annual accounts for insurance companies.

#### Gross premium reserve

The gross premium reserve is amortised over the risk period and is calculated and accounted for in the balance sheet as a provision for the part of premium written that exceeds the end of the financial year. Changes in the provision are charged to the statement of comprehensive income.

#### Gross claims reserve

The gross claims reserve comprises estimates of the expected remaining exposure from claims that have been reported to the Company (RBNS), and from claims that have been incurred, but which have not yet been reported (IBNR).

Provisions for reported claims are made by assessing the liability of each claim. Actuarial methods are used in estimating the total cost of outstanding claims. The claim provisions have not been discounted.

In accordance with the Norwegian regulations for insurance companies, provisions for internal claims handling expenses (unallocated loss adjustment expenses, or ULAE) and binary events are included in the 'Gross claims reserve'.

#### Insurance contract liabilities

Insurance contract liabilities are the main items in the balance sheet based upon judgements and estimates.

Estimates have to be made both for the expected total cost of claims reported and for the expected total cost of claims incurred, but not reported, at the balance sheet date. Standard actuarial methods are used in estimating the total cost of outstanding claims. The actuarial method use historical data as one of the elements in the model to estimate the future claims costs. It can take a significant period of time before the ultimate claims cost can be established with certainty.

Amounts in USD 000's	Parent company			Consolidated accounts		
	Marine	Energy	Total	Marine	Energy	Total
			21.02.22 to 31.12.22			21.02.22 to 31.12.22
<b>Technical provisions gross</b>						
Provisions, at the beginning of the period	276,562	55,869	332,430	309,458	61,097	370,554
Claims paid	(159,591)	(12,404)	(171,995)	(178,751)	(14,125)	(192,876)
Claims incurred - gross this period	159,284	18,729	178,013	186,104	22,538	208,642
Claims incurred - gross previous periods	(3,425)	(8,513)	(11,938)	(155)	(8,106)	(8,260)
<b>Provisions, at the end of the period</b>	<b>272,829</b>	<b>53,681</b>	<b>326,510</b>	<b>316,655</b>	<b>61,404</b>	<b>378,060</b>
Reinsurers' share of claims provision	(160,006)	(23,656)	(183,663)	(170,814)	(23,656)	(194,470)
<b>Provisions net, at the end of the period</b>	<b>112,822</b>	<b>30,025</b>	<b>142,847</b>	<b>145,842</b>	<b>37,747</b>	<b>183,590</b>
Provision for unearned premiums, gross	132,340	35,473	167,813	152,088	40,040	192,128
Reinsurers' share of premiums provision	(66,867)	(18,099)	(84,966)	(69,229)	(18,456)	(87,685)
<b>Provision for unearned premiums, net</b>	<b>65,473</b>	<b>17,374</b>	<b>82,847</b>	<b>82,859</b>	<b>21,584</b>	<b>104,443</b>
<b>Provision for outstanding claims</b>						
Technical provision gross	272,829	53,681	326,510	316,655	61,404	378,060
Technical provision net	112,822	30,025	142,847	145,842	37,747	183,589

Sensitivity analysis has been performed in order to evaluate how sensitive gross claims reserve is dependent on the actuarial methods applied. The Company applied the following methods: Development factor method, Bornhuetter Ferguson, Apriori reduced method and Benktander. Based on these methodologies the gross claim reserve ranges between USD 323.9 million and USD 329.1 million for parent company and between USD 373.8 million and USD 382.4 million for consolidated accounts.

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 6 - Insurance related expenses and number of staff

#### Accounting policy

Insurance related expenses for own account consist of broker and agent commissions, sales and administrative expenses, less commission received on ceded reinsurance premiums. Sales expenses are recognised in the period in which they are incurred. The administrative expenses and commission received are expensed over the underlying policy period.

Other Insurance related expenses are accounted for in the period they are incurred.

Amounts in USD 000's	Parent company		Consolidated accounts	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22	21.02.22 to 31.12.22	21.02.21 to 20.02.22
<b>Acquisition costs and commissions</b>				
Insurance intermediary	15,014	16,287	23,396	24,522
Agents' commission	47,790	50,822	44,111	46,251
Commission received	(46,818)	(45,941)	(54,722)	(49,318)
<b>Insurance related expenses for own account</b>	<b>15,986</b>	<b>21,168</b>	<b>12,784</b>	<b>21,455</b>

Amounts in USD 000's	Parent company		Consolidated accounts	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22	21.02.22 to 31.12.22	21.02.21 to 20.02.22
<b>Remuneration auditor</b>				
Auditing fee	300	380	326	423
Tax advising	0	0	66	0
<b>Total auditors' fee</b>	<b>300</b>	<b>380</b>	<b>392</b>	<b>423</b>

Amounts in USD 000's	Parent company		Consolidated accounts	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22	21.02.22 to 31.12.22	21.02.21 to 20.02.22
<b>Net operating expenses</b>				
Bad debt	(21)	498	67	690
Service cost	29,003	33,977	44,139	48,880
Allocated to claims handling and acquisition costs	(28,266)	(33,863)	(43,325)	(49,114)
Other operating expenses	612	753	1,396	2,013
<b>Other insurance related expenses</b>	<b>1,327</b>	<b>1,365</b>	<b>2,277</b>	<b>2,469</b>

Gard M&E has no employees. No salaries or other benefits have been paid to the Board of Directors.

### Note 7 - Non-technical items

#### Accounting policy

Other income and expenses are accounted for in the period they are incurred.

Amounts in USD 000's	Parent company		Consolidated accounts	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22	21.02.22 to 31.12.22	21.02.21 to 20.02.22
<b>Interest and similar income</b>				
Income from financial investments	1,631	954	2,353	915
Foreign exchange loss	(1,679)	(860)	(3,240)	(2,005)
<b>Total interest and similar income/(expenses)</b>	<b>(48)</b>	<b>94</b>	<b>(887)</b>	<b>(1,090)</b>



# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 8 - Tax

#### Accounting policy

The tax expense consists of tax payable and changes in deferred tax.

Deferred tax/tax asset of the subsidiaries is calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year. Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expense in the period the change has been made. A deferred tax asset is recorded in the balance sheet, when it is more likely than not that the tax asset will be utilised.

	Parent company		Consolidated accounts	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22	21.02.22 to 31.12.22	21.02.21 to 20.02.22
Amounts in USD 000's				
<b>Basis for income tax expense, changes in deferred tax and tax payable</b>				
Profit before tax	30,684	14,612	45,453	23,833
Profit not taxable to Norway	(15,457)	(15,860)	(15,457)	(15,860)
Total comprehensive income/(loss) as basis for tax calculation	15,227	(1,249)	29,997	7,972
<b>Basis for calculating tax</b>	<b>15,227</b>	<b>(1,249)</b>	<b>29,997</b>	<b>7,972</b>
Permanent differences	5,439	2,523	3,605	6,258
<b>Basis for the tax expense for the period</b>	<b>20,666</b>	<b>1,274</b>	<b>33,602</b>	<b>14,230</b>
Change in temporary differences	164	(2,041)	2,268	(1,941)
<b>Basis for payable taxes in the income statement</b>	<b>20,830</b>	<b>(767)</b>	<b>35,870</b>	<b>12,289</b>
Change in tax losses carried forward	(700)	767	(700)	(5,260)
<b>Taxable income (basis for payable taxes in the balance sheet)</b>	<b>20,131</b>	<b>0</b>	<b>35,170</b>	<b>7,029</b>
<b>Income tax expenses</b>				
Tax payable	5,033	0	8,801	1,776
Tax correction earlier period	0	0	(12)	0
Change in deferred tax	134	319	(392)	1,087
Accrual tax in foreign branches	0	169	202	(242)
<b>Tax expenses ordinary result</b>	<b>5,166</b>	<b>488</b>	<b>8,598</b>	<b>2,620</b>
<b>Income tax payable</b>				
Tax at beginning of the period	1,620	12,622	3,534	13,219
Tax payable related to the period	5,033	169	8,994	1,488
Tax paid during the period	(1,484)	(11,082)	(1,484)	(11,082)
Tax correction earlier period	0	0	(12)	0
Exchange adjustments	38	(90)	(136)	(92)
<b>Tax payable at end of the period</b>	<b>5,207</b>	<b>1,620</b>	<b>10,896</b>	<b>3,534</b>
<b>Deferred tax/tax asset</b>				
<b>Specification of tax effect resulting from temporary differences</b>				
Portfolio investments	0	0	1,381	(176)
Tax loss carried forward	0	767	0	767
Other temporary differences	1,818	1,812	2,991	2,948
Retained earnings	0	0	(2,131)	(2,803)
<b>Total temporary differences</b>	<b>1,818</b>	<b>2,579</b>	<b>2,241</b>	<b>736</b>
Deferred tax asset, 25 per cent of total temporary differences	454	645	560	184
<b>Net deferred tax/tax asset of total temporary differences</b>	<b>454</b>	<b>645</b>	<b>560</b>	<b>184</b>

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 8 - Tax continued

As a company organised under the laws of Bermuda the Company is not subject to taxation in Bermuda, as Bermuda does not impose taxation on receipts, dividends, capital gains, gifts or net income. In the event that such taxes are levied, the Company has received an assurance from the Bermuda government to be exempted from all such taxes until 28 March 2035.

Amounts in USD 000's	Parent company		Consolidated accounts	
	21.02.22 to 31.12.22	21.02.21 to 20.02.22	21.02.22 to 31.12.22	21.02.21 to 20.02.22
<b>Deferred tax asset/deferred tax reconciliation</b>				
Deferred tax asset/deferred tax at beginning of the period	645		184	
Deferred tax expense related to the period	(134)		392	
Exchange adjustment	(57)		(16)	
<b>Deferred tax asset/deferred tax at end of the period</b>	<b>454</b>		<b>560</b>	
<b>Reconciliation of the tax expense</b>				
Basis for calculating tax	15,227	(1,249)	29,997	7,972
<b>Calculated tax 25%</b>	<b>3,807</b>	<b>(312)</b>	<b>7,499</b>	<b>1,993</b>
Tax expense	5,166	488	8,598	2,620
<b>Difference</b>	<b>(1,359)</b>	<b>(800)</b>	<b>(1,098)</b>	<b>(627)</b>
<b>The difference consist of:</b>				
Differences related to different basis of calculation	0	0	(18)	73
Permanent differences not subject to tax	(1,359)	(631)	(901)	(631)
Currency effect posted to Non-technical result	0	0	19	19
Tax in foreign branches	0	(169)	(202)	420
Changes in temporary differences subject to deferred tax	0	0	0	(327)
Other differences	0	0	3	(182)
<b>Sum explained differences</b>	<b>(1,359)</b>	<b>(800)</b>	<b>(1,099)</b>	<b>(627)</b>

### Note 9 - Investments in subsidiaries

#### Accounting policy

Investments in the subsidiaries are valued at the lower of cost and fair value in the parent company accounts. The investments are valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Amounts in USD 000's	Ownership	Voting share	Place of office	Currency	Share capital	Cost price USD
						As at 31.12.22
Gard M&E Europe	100 %	100 %	Norway	NOK	521,011	66,245
Gard Brasil	99 %	99 %	Brasil	BRL	614	305
<b>Total</b>						<b>66,550</b>

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 10 - Financial investments at fair value through profit or loss

#### Accounting policy

##### Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and held to maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivative financial investments are also categorised as held for trading.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as receivables and payables in the balance sheet.

##### *Held-to-maturity financial assets*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities where the company's management has the positive intention and ability to hold to maturity, other than:

- Those that the Company upon initial recognition designates as at fair value through profit or loss;
- Those that meet the definition of loans and receivables.

##### Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans, receivables and held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Unrealised gains or losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Change in unrealised gain/loss on investments' in the period in which they arise. Realised gains or losses are presented within 'Gains on realisation of investments'. Dividends and interest income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of 'Interest and similar income' when the right to receive payments is established. Dividends from investments is recognised when the Company has an unconditional right to receive the dividend.

Dividend paid is recognised as a liability at the time when the General Meeting approves the payment of the dividend.

Interest on held-to-maturity investments is included in the consolidated statement of comprehensive income and reported as 'Interest and similar income'. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated statement of comprehensive income.

##### Offsetting financial investments

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

##### Impairment of financial assets

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

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

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 10 - Financial investments at fair value through profit or loss continued

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The Company may measure impairment on the basis of an investment's fair value using an observable market price.

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

#### Determination of fair value

The following describes the methodologies and assumptions used to determine fair values:

#### Financial investments at fair value through profit or loss

The fair value of financial assets classified as financial investments at fair value through profit or loss and the fair value of bonds included is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices.

#### Assets for which fair value approximates carrying value

For financial assets and liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

#### Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique.

#### Financial investments in Level 1

The fair value of financial investments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the last trade price (these investments are included in Level 1).

US government bonds and other financial investments have been classified on Level 1 in the pricing hierarchy.

#### Financial investments in Level 2

The fair value of financial investments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an investment are observable, the investment is included in Level 2.

Investments listed in the following have been classified on Level 2 in the pricing hierarchy:

- Equity funds and interest-bearing securities and funds where fair values are determined by using quoted market prices of the assets where the funds are invested.
- Equity funds and bond funds where fair values are determined by using quoted market prices of the assets where the funds are invested.
- Equity futures, interest futures, currency futures, currency forwards and interest rate swaps where fair values are determined on the basis of the price development on an underlying asset or instrument. All derivatives are priced by standard and well recognized methods.

If one or more of the significant inputs is not based on observable market data, the investment is included in Level 3.

Specific valuation techniques used to value financial investments include:

- Quoted market prices or dealer quotes for similar investments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial investments.

Note that all of the resulting fair value estimates are included in Level 2 except for financial investments explained below.

#### Financial investments in Level 3

There are no investments in Level 3.

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 10 - Financial investments at fair value through profit or loss continued

Amounts in USD 000's	Parent company				Parent company			
	As at 31.12.22				As at 20.02.22			
	Quoted market prices	Observable market data	Non observable market data	Total	Quoted market prices	Observable market data	Non observable market data	Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<b>Financial investments</b>								
Equities and investment funds	2,975	43,717	0	46,692	787	42,231	0	43,017
Interest-bearing securities and funds	76,512	162,464	0	238,976	59,310	148,303	0	207,613
<b>Total financial investments</b>	<b>79,487</b>	<b>206,181</b>	<b>0</b>	<b>285,668</b>	<b>60,097</b>	<b>190,533</b>	<b>0</b>	<b>250,630</b>

Amounts in USD 000's	Consolidated accounts				Consolidated accounts			
	As at 31.12.22				As at 20.02.22			
	Quoted market prices	Observable market data	Non observable market data	Total	Quoted market prices	Observable market data	Non observable market data	Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<b>Financial investments</b>								
Equities and investment funds	2,975	46,314	0	49,290	787	45,142	0	45,929
Interest-bearing securities and funds	103,639	237,940	0	341,579	86,343	196,039	0	282,382
<b>Total financial investments</b>	<b>106,614</b>	<b>284,255</b>	<b>0</b>	<b>390,869</b>	<b>87,130</b>	<b>241,182</b>	<b>0</b>	<b>328,311</b>

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 10 - Financial investments at fair value through profit or loss continued

The majority of investments held are subfunds of the Gard Unit Trust Fund, a legal fund structure established in Ireland.

#### Equities and investment funds

Each subfund hold well diversified portfolios with different investment objectives, and the underlying holdings are common stocks traded on regional stock exchanges. The Company possesses only minority interests in quoted companies.

#### Interest-bearing securities and funds

Funds classified as Interest-bearing securities and funds are predominantly invested in fixed income securities and money markets. There are also some exposure to floating rate loans.

Amounts in USD 000's	Investment profile	Currency	Parent company
			As at 31.12.22
<b>Equity funds</b>			
Gard Global Multifactor Equity Fund	Global Equity	USD	16,144
Gard Global Impact Equity Fund	Global Equity	USD	8,766
Gard Global Equity Fund II	Global Equity	USD	12,991
Gard Emerging Markets Equity Fund	Emerging Market Equity	USD	5,816
iShares Commodity ETF	Commodities	USD	2,975
<b>Total Equity funds</b>			<b>46,692</b>
<b>Total Equities and investment funds</b>			<b>46,692</b>
The part of Equity fund invested in quoted shares			46,692

Amounts in USD 000's	Investment profile	Currency	Parent company
			As at 31.12.22
<b>Interest-bearing securities</b>			
United States Treasuries	US Treasury bonds	USD	26,870
<b>Total Interest-bearing securities</b>			<b>26,870</b>
<b>Interest-bearing funds</b>			
Gard Global Treasury Fund	Government debt	USD	20,167
Gard Strategic Global Bond Fund	Global aggregate bonds	USD	31,272
Northern Trust Cash Fund	Money market US Dollar	USD	41,339
Gard International Credit Bond Fund I	Global corporate bonds	USD	14,455
Gard US Credit Bond Fund I	US corporate bonds	USD	6,286
Gard Emerging Market Debt Fund	Emerging market debt	USD	9,977
Gard Global Bond Fund I	Global aggregate bonds	USD	56,229
CQS Credit Fund	Global multi asset credit	USD	24,079
iShares TIPS ETF	Government debt	USD	8,302
<b>Total Interest-bearing funds</b>			<b>212,106</b>
<b>Total Interest-bearing securities and funds</b>			<b>238,976</b>

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 10 - Financial investments at fair value through profit or loss continued

The consolidated accounts has an equity exposure of 11.57 per cent (financial year ending 20 February 2022 13.80 per cent) of its total investments.

Amounts in USD 000's	Investment profile	Currency	Consolidated accounts
			As at 31.12.22
<b>Equity funds</b>			
Gard Global Multifactor Equity Fund	Global Equity	USD	18,741
Gard Global Impact Equity Fund	Global Equity	USD	8,766
Gard Global Equity Fund II	Global Equity	USD	12,991
Gard Emerging Markets Equity Fund	Emerging Market Equity	USD	5,816
iShares Commodity ETF	Commodities	USD	2,975
<b>Total Equity funds</b>			<b>49,290</b>
<b>Total Equities and investment funds</b>			<b>49,290</b>
The part of Equity fund invested in quoted shares			49,290

Amounts in USD 000's	Investment profile	Currency	Consolidated accounts
			As at 31.12.22
<b>Interest-bearing securities</b>			
United States Treasuries	US Treasury bonds	USD	26,870
<b>Total Interest-bearing securities</b>			<b>26,870</b>
<b>Interest-bearing funds</b>			
Gard Global Treasury Fund	Government debt	USD	35,655
Gard Strategic Global Bond Fund	Global aggregate bonds	USD	73,535
Northern Trust Cash Fund	Money market US Dollar	USD	57,066
Gard International Credit Bond Fund I	Global corporate bonds	USD	26,930
Gard US Credit Bond Fund I	US corporate bonds	USD	11,537
Gard Emerging Market Debt Fund	Emerging market debt	USD	9,977
Gard Global Bond Fund I	Global aggregate bonds	USD	56,229
CQS Credit Fund	Global multi asset credit	USD	24,079
iShares Treasury ETF	Government debt	USD	11,400
iShares TIPS ETF	Government debt	USD	8,302
<b>Total Interest-bearing funds</b>			<b>314,709</b>
<b>Total interest-bearing securities and funds</b>			<b>341,579</b>

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 11 - Financial risk

#### Risk management framework

The purpose of the risk management system is to ensure that material risks are managed in accordance with the Company's corporate objectives and risk-bearing capacity. The risk management system consists of the following components:

*Risk appetite and limits:* Overall Risk Appetite and Comfort Zone (target range for capitalisation) are defined in accordance with risk carrying capacity and corporate objectives. This cascades into limits by risk type and legal entities. This forms the basis for all risk management, monitoring and reporting.

*Risk policies:* There are company policies describing the processes and procedures for managing material risk exposures. The purpose of the policies is to ensure consistent and adequate risk and capital management.

*Risk management cycle:* Material risks are identified, assessed regularly, managed proactively, monitored regularly and reported to the relevant responsible body. Assessments are made on a quarterly basis as a minimum.

#### Main financial risks

##### Market risk

Market risk arises from the investment activities and the sensitivity of liabilities to changes in market price. The sensitivity analysis of investments assets aims to illustrate the risk of economic losses resulting from deviations in the value of assets caused by changes in observable market prices differing from expected values. The four main market risks selected for testing of sensitivity due to price changes are;

##### *Equity risk*

The risk of economic losses resulting from deviations of market values of equities from expected values. The equity portfolio is well diversified, although with skewedness towards emerging markets and smaller companies compared to a global market capitalised benchmark. This is expected to generate a slightly higher return combined with higher volatility over time. The equity portfolio is being managed by a selection of specialist fund managers.

##### *Interest rate risk*

The risk of economic losses resulting from deviations in actual interest rates from expected interest rates. The term structure of interest-bearing assets is broadly matched to the expected duration of the liabilities. The sensitivity analysis for interest-bearing securities instruments is testing the portfolio's interest rate sensitivity with a weighted average duration approach. Interest sensitive liabilities are not part of the analysis.

##### *Currency risk*

The risk of economic losses resulting from actual foreign exchange rates differing from expected foreign exchange rates. Foreign currency exposures are assumed to be reasonably matched across the balance sheet and managed with an emphasize on major currency exposures. Currency forward derivatives may also serve as an effective tool for mismatch adjustments. The sensitivity analysis for foreign currencies only applies to investments assets and illustrates the impact on values given changes in exchange rates against USD.

##### *Inflation risk*

Inflation risk is the risk of a loss in the value of nominal assets or nominal cash flows due to a persistence of high inflation. This risk is most visible in fixed income assets and liabilities due to the tendency of inflation to be followed by higher interest rates. This risk is mitigated by monitoring the duration profile of the portfolio and by maintaining a diversified portfolio of assets whose values are impacted differently by inflation, including inflation protected securities and real assets.



# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 11 - Financial risk continued

The table below splits the balance sheet into the major currencies USD, EUR and GBP, and remaining currencies are grouped into Other. Note that investments held as shares/units in various fund structures are reported in base currency. The split deviates from underlying currency exposure that is used as input in the enterprise risk models.

#### Currency split balance sheet

Amounts in USD 000's	Parent company		Consolidated accounts	
	As at 31.12.22	As at 20.02.22	As at 31.12.22	As at 20.02.22
<b>Assets</b>				
USD	705,944	827,103	780,878	862,569
EUR	31,236	27,421	72,053	83,011
GBP	11,097	11,596	14,955	14,630
Other	114,632	132,058	105,848	127,239
<b>Total assets</b>	<b>862,908</b>	<b>998,178</b>	<b>973,733</b>	<b>1,087,449</b>
<b>Equity and liabilities</b>				
USD	921,309	1,046,883	931,989	1,050,804
EUR	14,456	16,256	125,595	111,594
GBP	8,731	7,792	(5,867)	(6,261)
Other	(81,589)	(72,753)	(77,984)	(68,688)
<b>Total equity and liability</b>	<b>862,908</b>	<b>998,178</b>	<b>973,733</b>	<b>1,087,449</b>
<b>Net asset exposure</b>				
USD	(215,365)	(219,779)	(151,112)	(188,235)
EUR	16,779	11,165	(53,541)	(28,582)
GBP	2,366	3,804	20,822	20,891
Other	196,221	204,811	183,831	195,927

#### Financial investments - sensitivity analysis

The analysis below is performed for reasonably possible movements in key market variables with all other variables held constant.

Amounts in USD 000's	Parent company		Consolidated accounts	
	As at 31.12.22	As at 20.02.22	As at 31.12.22	As at 20.02.22
Impact on fixed income portfolio investments given an increase of 50 basis points	(3,304)	(3,762)	(4,482)	(4,509)
Impact on equity portfolio given a 10 per cent drop in quoted market prices	(4,310)	(4,275)	(4,567)	(4,564)
Impact on total investment portfolio given a change of 10 per cent in foreign exchange rates against USD	(6,398)	(6,950)	(8,430)	(8,555)

The sensitivity analysis assumes no correlation between equity price, real estate market and foreign currency rate risk. It also assumes that all other receivables and payables remain unchanged and that no management action is taken. The Company has no significant risk concentrations which are not in line with the overall investment guidelines set by the Gard's Board of Directors. Any impact from risk tested in the table above is not, due to tax regulations, assumed to have any taxable impact.

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 11 - Financial risk continued

#### Credit risk

The risk of economic losses resulting from the default of third parties, split into:

##### *Credit default risk*

The risk that actual credit losses will be higher than expected due to the failure of counterparties to meet their contractual debt obligation.

##### *Credit spread risk*

The risk of economic losses due to the difference in yield between a defined rating class bucket and interest-bearing securities/funds with the same duration.

##### *Credit migration risk*

The risk that a portfolio's credit quality will materially deteriorate over time, without allowing a re-pricing of the constituent loans to compensate the creditor for the higher default risk being undertaken.

##### *Counterparty default risk*

The main sources of counterparty default risk are reinsurers, cash deposits at banks and receivables from policyholders.

The credit exposure on the reinsurance program is in line with the guidelines of only accepting reinsurers with an A- or higher rating. We are however exposed to lower ratings originating from fronting arrangements. Fronting is the use of an insurer to issue an insurance policy on behalf of a self-insured organization or captive insurer, without the intention of transferring any of the risk. The risk of loss is retained by the self-insured or captive insurer with an indemnity or reinsurance agreement.

Banks and custodians are in line with the guidelines with a credit rating of at least A/stable, except from minor amounts that have ratings of BB, in addition to not rated petty cash

The Company acknowledges that there is an increased counterparty risk towards Russian entities due to the different sanction regimes imposed. Although, due to the Company's limited exposure towards these counterparties, this does not impose any material financial risk as at 31 December 2022.

The tables below show the credit risk exposure as at 31 December 2022. Assets are classified according to the median rating amongst the three market leading providers, Standard & Poor's, Moody's and Fitch. Top rated assets are denoted with AAA rating and US long-term sovereign credit rating is equivalent to a AAA rating due to an applied median approach.

#### Credit risk exposure in balance sheet

Amounts in USD 000's	Parent company		Consolidated accounts	
	As at 31.12.22	As at 20.02.22	As at 31.12.22	As at 20.02.22
<b>Interest-bearing securities and funds</b>				
AAA	41,339	10,046	57,066	25,382
AA	26,870	27,850	26,870	27,850
Not rated	170,766	169,717	257,643	229,151
<b>Total interest-bearing securities and funds</b>	<b>238,976</b>	<b>207,613</b>	<b>341,579</b>	<b>282,382</b>
<b>Reinsurers' share of gross premium reserve</b>				
AA	526	0	734	0
A	84,440	95,056	86,951	97,225
BBB	0	57,226	0	57,226
<b>Total reinsurers' share of gross premium reserve</b>	<b>84,966</b>	<b>152,282</b>	<b>87,685</b>	<b>154,451</b>
<b>Reinsurers' share of gross claims reserve</b>				
AA	109	113	109	114
A	127,356	127,985	127,544	129,307
B	0	0	11,097	0
BBB	55,948	61,253	55,470	65,811
Not rated	250	246	250	246
<b>Total reinsurers' share of gross claims reserve</b>	<b>183,663</b>	<b>189,598</b>	<b>194,470</b>	<b>195,478</b>

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 11 - Financial risk continued

	Parent company		Consolidated accounts	
	As at 31.12.22	As at 20.02.22	As at 31.12.22	As at 20.02.22
Amounts in USD 000's				
<b>Receivables</b>				
A	52,236	135,797	10,455	77,821
Not rated	140,835	154,928	223,150	268,206
<b>Total receivables</b>	<b>193,071</b>	<b>290,725</b>	<b>233,606</b>	<b>346,027</b>
<b>Cash and cash equivalents</b>				
AA	7,539	6,779	19,381	21,668
<b>Total cash and cash equivalents</b>	<b>7,539</b>	<b>6,779</b>	<b>19,381</b>	<b>21,668</b>
<b>Other financial assets</b>				
AAA	5,747	5,653	11,237	11,054
BB	5,000	5,000	5,000	5,000
<b>Total other financial assets</b>	<b>10,747</b>	<b>10,653</b>	<b>16,237</b>	<b>16,054</b>

Other financials assets also include regulatory and contractually required deposits that is considered encumbered assets amounting to USD 16.2 million as at 31 December 2022 (USD 16.1 million as at 20 February 2022) in the consolidated accounts. Correspondingly, restricted assets amounts to USD 10.7 million as at 31 December for the parent company (USD 10.7 million as at 20 February 2022).

### Age analysis of receivables after provision for bad debt

	Parent company		Consolidated accounts	
	As at 31.12.22	As at 20.02.22	As at 31.12.22	As at 20.02.22
Amounts in USD 000's				
Not due	184,075	271,471	215,664	316,649
0-60 days	3,956	18,016	5,873	27,630
61-90 days	1,462	1,642	2,259	2,194
Above 90 days	5,511	1,610	12,915	2,668
Provision for bad debt	(1,932)	(2,013)	(3,105)	(3,113)
<b>Total receivables</b>	<b>193,071</b>	<b>290,725</b>	<b>233,606</b>	<b>346,027</b>

### Impaired receivables

As at 31 December 2022 there are impaired receivables in the parent company of USD 1.9 million (20 February 2022 USD 2.0 million) and there are impaired receivables in the consolidated accounts of USD 3.1 million (20 February 2022 USD 3.1 million), related to past due. No collateral is held as security for the impaired receivables, but the receivables can be deducted from future claim payments if any. Impairment allowance is included in 'Other insurance related expenses'.

### Analysis of provision for bad debt

	Parent company		Consolidated accounts	
	As at 31.12.22	As at 20.02.22	As at 31.12.22	As at 20.02.22
Amounts in USD 000's				
Balance as at the beginning of the period	2,013	4,377	3,113	5,314
Provision for receivables impairment	81	(2,365)	9	(2,201)
Receivables written off during the period as uncollectable	(60)	(2,863)	(76)	(2,891)
Unused amounts reversed	(102)	2,863	58	2,891
<b>Balance as at the end of the period</b>	<b>1,932</b>	<b>2,013</b>	<b>3,105</b>	<b>3,113</b>

The creation and release of provision for impaired receivables has been included in 'other insurance related expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 11 - Financial risk continued

#### Liquidity risk

The risk that cash and other liquid assets are insufficient to meet financial obligations when they fall due. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

Liquidity risk arises primarily due to the unpredictability of the timing of payment of insurance liabilities or when market depth is insufficient to absorb the required volumes of assets to be sold, resulting in asset sale at a discount.

The risk is mitigated through a cash pool agreement between Gard P. & I. (Bermuda) Ltd., Gard Marine & Energy Limited, Gard AS and AS Assuransgården improves access to liquidity across the legal entities.

#### Maturity profile

The following tables set out the maturity profile of liabilities combining amounts expected to be recovered within one year, between one and five years and more than five years.

The Company maintains highly marketable financial investments and diverse assets that can be liquidated in the event of an unforeseen interruption of cash flow. This, combined with the cash pool to meet liquidity needs, gives a presentation of how assets and liabilities have been matched.

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Parent company
					As at 31.12.22 Total
Gross claim reserve	135,567	183,956	6,987	0	326,510
Income tax payable	5,207	0	0	0	5,207
Payables and accruals	99,731	0	0	0	99,731
Other payables	115	0	0	0	115

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Parent company
					As at 20.02.22 Total
Gross claim reserve	137,726	186,227	8,477	0	332,430
Income tax payable	1,620	0	0	0	1,620
Payables and accruals	179,423	0	0	0	179,423
Other payables	153	0	0	0	153

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Consolidated accounts
					As at 31.12.22 Total
Gross claim reserve	156,971	212,999	8,090	0	378,060
Income tax payable	10,896	0	0	0	10,896
Payables and accruals	108,311	0	0	0	108,311
Other payables	1,111	0	0	0	1,111

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Consolidated accounts
					As at 20.02.22 Total
Gross claim reserve	153,521	207,585	9,449	0	370,554
Income tax payable	3,534	0	0	0	3,534
Payables and accruals	187,725	0	0	0	187,725
Other payables	906	0	0	0	906

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 12 - Receivables from direct insurance operations

Amounts in USD 000's	Parent company		Consolidated accounts	
	As at 31.12.22	As at 20.02.22	As at 31.12.22	As at 20.02.22
Direct and received premium	2,668	7,808	4,289	9,271
Direct and received premium through broker	70,626	68,712	117,285	117,949
Not closed premium	29,489	44,668	48,876	87,522
Claims related debtors, co-insurers	38,533	34,822	54,355	51,468
Provision for bad debts	(1,904)	(1,983)	(3,067)	(3,080)
<b>Receivables from direct insurance operations</b>	<b>139,412</b>	<b>154,027</b>	<b>221,738</b>	<b>263,131</b>

### Note 13 - Cash and cash equivalents

#### Accounting policy

Cash and cash equivalents include cash in hand and deposits held at call with banks, brokers and fund managers. In the balance sheet, cash and cash equivalents that relate to investment management is presented as other financial investments. All other cash is presented as cash and cash equivalents. In the cash flow statement, cash and cash equivalents do not include cash and cash equivalents presented as other financial investments.

#### Cash and cash equivalents

Cash and cash equivalents includes restricted cash amounting to USD 0.019 million as at 31 December 2022 (USD 0.026 million as at 20 February 2022). The Company has a group account agreement and participates in a cash pool agreement. Both agreements are made with the Company's main bank, Nordea Bank Abp filial i Norge. The group account agreement implies that the Company can make overdrafts on individual bank accounts as long as the Company's total bank deposit is positive. The cash pool agreement secures efficient use of the operating bank deposits through the companies' opportunities to make use of the overdraft facility on individual bank accounts. Each company participating in the cash pool agreement is jointly liable for the overdraft facility through unsecured guarantees.

Cash and cash equivalents also include regulatory and contractually required cash deposits that is considered restricted cash amounting to USD 6.6 million as at 31 December 2022 (USD 6.6 million as at 20 February 2022).

There are no Letter of Credit, Guarantees or other instruments included in the balance sheet. A Letter of Credit in the amount of HK\$ 115,300,000, equal to US\$ 14,772,674 has been issued in relation to insurance licence of the Hong Kong branch.

### Note 14 - Statutory reserve

Gard Marine & Energy Limited is registered under and regulated by the Insurance Act 1978 and related regulations. The Company is under the supervision of the Bermuda Monetary Authority (BMA) and has to be in compliance with a set of regulatory requirements. All regulatory requirements are complied with as at 31 December 2022.

# GARD MARINE & ENERGY LIMITED

## Notes to the accounts

### Note 15 - Statutory and regulatory requirement

Gard Marine & Energy Limited has operations which are subject to laws and regulations in Bermuda and Norway. The statutory capital and surplus in Bermuda and Norway as at February 20 and December 31, 2022 was as follows:

Amounts in USD 000's	Bermuda (a)		Norway (b)	
	As at 31.12.22	As at 20.02.22	As at 31.12.22	As at 20.02.22
Required statutory capital and surplus	21,427	135,426	82,285	87,600
Actual capital and surplus	263,532	238,760	98,741	111,541

(a) Gard Marine & Energy Limited are required to maintain minimum statutory capital and surplus equal to the greater of a minimum solvency margin ("MSM") and the Enhanced Capital Requirement ("ECR"). The ECR is equal to the higher of MSM or the Bermuda Solvency Capital Requirement ("BSCR") model or approved internal capital model. The BSCR for Gard Marine & Energy Limited for the period ended 31 December 2022 will not be filed with the BMA until April 2023. As a result, the required statutory capital and surplus as at 31 December, 2022 is based on the MSM, whereas the required statutory capital and surplus as at 20 February, 2022 is based on the MSM and ECR. The MSM is calculated based on the period from February 20, 2022 to December 31, 2022.

(b) Gard Marine & Energy Limited Norwegian branch are required to maintain minimum capital and surplus equal to the Solvency Capital Requirement ("SCR") under Solvency II. The SCR, which is part of the Solvency II reporting package, will not be filed with the Norwegian Financial Services Authority 'Finanstilsynet' until early April 2023. As a result, preliminary figures are included as at December 31, 2022.

### Note 16 - Liabilities not included in the balance sheet

Rent included in the consolidated accounts is charged to the statement of comprehensive income in the period the offices are used. Any remaining rental liabilities are not included in the balance sheet. Rental liabilities amount to USD 29,097 as at 31 December 2022 for parent company (20 February 2022 USD 28,230). Total costs regarding rent in the consolidated accounts amount to USD 29,097 as at 31 December 2022 (20 February 2022 USD 28,230).