AVLA RE LTD.

FINANCIAL STATEMENTS

(AND INDEPENDENT AUDITORS' REPORT THEREON)

FOR THE YEAR ENDED

DECEMBER 31, 2022

AVLA RE LTD.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
CONTENTS

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Independent Auditors' Report

The Board of Directors
AVLA Re Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AVLA Re Ltd. (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in shareholder's equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, and we have fulfilled our other responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for report. We 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.

Management and the Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 skepticism 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 auditors' 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 auditors' 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.

Ernst + Young Ltd.

Hamilton, Bermuda
May 17, 2023

AVLA RE LTD.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(Expressed in United States Dollars)

	Note	December 31 2022 $
ASSETS:		
Cash and cash equivalents		2,123,826
Accrued Interest		3
Insurance balances receivable		1,042,119
Deferred reinsurance premium	3	343,871
Deferred acquisition costs		144,996
Loss reserves recoverable	4	3,495
Prepaid expenses and other assets		174,949
Total assets		3,833,259
LIABILITIES AND SHAREHOLDER'S EQUITY:		
Liabilities		
Insurance balance payable	4	5,244
Accounts payable and accrued expenses	6	134,546
Loss reserve		7,531
Reinsurance balance payable		390,693
Unearned premiums	3	604,191
Deferred commission		97,690
Total liabilities		1,239,895
Shareholder's Equity		
Share capital	5	120,000
Contributed surplus		2,250,000
Retained earnings		223,364
Total shareholder's equity		2,593,364
Total liabilities and shareholder's equity		3,833,259

The accompanying notes should be read in conjunction with these financial statements

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

Director **Director**

AVLA RE LTD.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in United States Dollars)

	Note	December 31 2022 $
Premium income		
Gross insurance premiums written	4	1,513,073
Insurance premiums ceded to reinsurers	4	(556,904)
Net premiums written		956,169
Change in unearned premiums		(260,320)
Net premium earned		695,849
Underwriting income (expenses)		
Acquisition cost		(200,539)
Ceding commissions		68,664
Loss and loss expenses	4	(27,002)
Net underwriting income		536,972
Investment income		826
General and administrative expenses	6	(314,434)
Net income for the year		223,364
Comprehensive income for the year		223,364

The accompanying notes should be read in conjunction with these financial statements

AVLA RE LTD.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in United States Dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Total
	$	$	$	$
Shareholder's equity – 01st January 2022	120,000	2,250,000	-	2,370,000
Net comprehensive income	-	-	223,364	223,364
Shareholder's equity – December 31, 2022	120,000	2,250,000	223,364	2,593,364

The accompanying notes should be read in conjunction with these financial statements

AVLA RE LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in United States Dollars)

	December 31 2022 $
OPERATING ACTIVITIES:	
Net comprehensive income	223,364
Changes in non-cash operating assets and liabilities	-
Accrued Interest	(3)
Insurance balances receivable	(1,042,119)
Deferred reinsurance premium	(343,871)
Deferred acquisition costs	(144,996)
Loss reserves recoverable	(3,495)
Prepaid expenses and other assets	(174,949)
Unearned premiums	604,191
Loss reserves	7,531
Insurance balances payable	5,244
Reinsurance balances payable	390,693
Deferred commission	97,690
Accounts payable and accrued expenses	134,546
Cash and cash equivalents used in operating activities	(246,174)
FINANCIAL ACTIVITIES:	
Capital Contribution	2,370,000
Cash and cash equivalents provided by financial activities	2,370,000
Increase in cash and cash equivalents	2,123,826
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	2,123,826

The accompanying notes should be read in conjunction with these financial statements

1. The Company

AVLA RE LTD. (the "Company") was incorporated in Bermuda on September 13, 2021 and was licensed on January 01, 2022, as a Class 3A insurer under the Bermuda Insurance Act 1978, amendments thereto and related regulations on ("The Act"), as of that date, the company began operations. The Company immediate parent company is AVLA BERMUDA HOLDINGS LTD and the ultimate parent company is AVLA S.A.

The Company reinsures the Surety and Credit Insurance treaties from AVLA Seguros S.A, with Ocean Re acting as the fronting reinsurer, in Peru, Chile, Mexico and Brazil on a proportional and non-proportional structure and retrocedes 5% of 100% to Helvetia. Additionally, AVLA Re provide an automatic facultative facility on 100% quota share basis fronted by Ocean Re with a $500,000,000 capacity and Nil Retroinsurance.

2. 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.

Statement of compliance

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and are denominated in United States dollars. The financial statements are prepared under the historical cost convention. Those standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue earned and expenses incurred during the reporting period. Actual results could differ from those estimates. The following are the significant accounting policies adopted by the Company.

The financial statements were authorised for issue by the Board of Directors on March 20, 2023.

Cash and cash equivalents

Cash and cash equivalents include cash held in banks and other short-term deposits having maturities within three months of the date of purchase by the Company.

Premiums and acquisition costs

Assumed premiums are earned on a pro rata basis over the policy term. The portion of premiums that relate to future periods are deferred and reported as unearned premiums. Commissions and other costs incurred in the acquisition of business are similarly deferred and amortized over the terms of the policies to which they relate.

Premiums which are subject to adjustments are estimated based upon available information. Any variances from the estimates are recorded in the periods in which they become known.

2. Significant accounting policies (continued)

Fee and commission income

Fee and commission income received in respect to reinsurance policies assumed are earned pro-rata over the terms of the reinsurance policies to which they relate.

Interest income and general and administrative expenses

Interest income and general and administrative expenses are recognized on the accruals basis.

Reserves for insurance contracts

Reserves for insurance contracts include unearned premiums and reserves for loss and loss adjustment expenses. The reserves for loss and loss adjustment expenses are established for the payment of losses and loss adjustment expenses ("LAE") on claims which have occurred but are not yet settled. Reserves for loss and loss adjustment expenses fall into two categories: case reserves for reported claims and reserves for incurred but not reported reserves ("IBNR"). Case reserves for reported claims are made on a case-by-case basis based on estimates of future payments that will be made in respect of such claims, including LAE and are regularly re-evaluated in the ordinary course of the settlement process and adjustments made as new information becomes available. IBNR reserves are established to recognize the estimated costs of losses that have occurred but where the Company has not yet been notified. IBNR reserves are estimates based on management's best estimates of the expected cost of the ultimate settlement and administration of claims and are reviewed and revised periodically as additional information becomes available and actual claims are reported.

Although management believes that such reserves are adequate, there can be no assurance that the ultimate settlement of losses will not vary significantly from the reserves provided. Future adjustments to the estimates recorded as of December 31, 2019, resulting from the continual review process and differences between estimates and ultimate settlements, will be reflected in the statements of income of future years when such adjustments become known or estimable.

Legal/regulatory risk

Legal/regulatory risk is the risk that the legal or regulatory environment in which an insurer operates will change and create additional loss costs or expenses not anticipated by the insurer in pricing its products. That is, regulatory initiatives designed to reduce insurer profits or new legal theories may create costs for the insurer beyond those recorded in the financial statements. The Company mitigates this risk through its underwriting and loss adjusting practices which identify and minimize the adverse impact of this risk.

Fair value

The fair value of the Company's cash and cash equivalents, reinsurance balances receivable, reinsurance balances payable and accrued expenses approximate cost or recorded values given the short-term nature of the assets and liabilities involved.

2. Significant accounting policies (continued)

Fair value *(continued)*

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. Any differences, however, would not be expected to be material. Certain instruments such as amounts ceded to reinsurers from reserves for insurance contracts, deferred acquisition costs, reserves for insurance contracts and deferred income are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine underlying economic value of the Company.

Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated into United States dollars at the rates prevailing at the reporting date. Revenues and expenses are translated at the rate of exchange prevailing as at the date of the transaction. Gains and losses arising from translation are included in the determination of comprehensive income for the year.

New standards, amendments and interpretations to be adopted

A number of new standards and amendments to standards in issue are not yet effective for the year ended December 31, 2022 and have not been applied in the preparation of these financial statements. Those which may be relevant to the financial statements of the Company are set out below.

- IFRS 17, “Insurance Contracts” issued in May 2017, sets out the requirements that a Company should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The standard is effective for annual periods beginning on or after January 1, 2022, with early adoption permitted.

- IFRS 9, “Financial Instruments” issued in July 2014, replaces IAS 39, “Financial Instruments Recognition and Measurement”, and will change the classification and measurement of financial assets and liabilities. Amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) issued in September 2016 provide two options for entities that issue insurance contracts within the scope of IFRS 4:
    - an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets, the ‘overlay approach’;
    - an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4, the ‘deferral approach’

The Company has elected the deferral approach and is permitted to adopt IFRS 9 at any time up to and including the date the new Insurance Contracts standard, IFRS 17, is applied.

Management is currently evaluating the impact of IFRS 9 and IFRS 17 on the Company’s financial statements.

3. Amounts ceded to reinsurers from reserves for insurance contracts

Activity in unearned premiums for the period ended December 31, 2022 is presented below:

	2022		
	Gross	Ceded	Net
	$	$	$
At January 1			
Premium written / assumed	1,513,073	(556,904)	956,169
Premiums earned	(908,882)	213,033	(695,849)
At December 31	604,191	(343,871)	260,320

The Company reinsures a portion of the risks it underwrites in an effort to control its exposure to losses and events and protect capital resources. Reinsurance involves credit risk and does not legally discharge the Company from primary liability under the reinsured policies. Although the reinsurer is liable to the Company to the extent of the reinsurance ceded, the Company remains primarily liable as the reinsurer on all risks it underwrites, including the portion that is reinsured. The Company monitors the financial condition of its reinsurers on an ongoing basis and reviews its reinsurance agreements periodically in order to evaluate the reinsurer's ability to fulfill its obligations to the Company under existing and planned reinsurance contracts.

4. Reserves for losses and loss adjustment expenses

Activity in the reserve for loss and loss adjustment expenses for the year ended December 31, 2022 is as summarized as follows:

	Gross	Ceded	Net
	$	$	$
Balance, beginning of year	-	-	-
Loss and loss adjustment expenses incurred:			
Current period	30,639	(3,637)	27,002
Total net incurred losses and loss expenses	30,639	(3,637)	27,002
Loss and loss adjustment expenses paid:			
Current period	23,108	(142)	22,966
Total losses and loss expenses paid or payable	23,108	(142)	22,966
Balance - December 31, 2022	7,531	(3,495)	4,036

5. Share Capital

	December 31 2022 $
Authorised, issued and fully paid common shares of par value $1 each	120,000

The Company has issued, and fully paid 120,000 common shares with a par value of $1 each, as at December 31, 2022. There is a contributed surplus of $ 2,250,000 as at December 31, 2022.

6. General and administrative (including related party expenses)

	2022 $
Accrued expenses:	
Audit fees	40,000
Actuarial Fees	29,425
Subtotal administrative expenses	69,425
Intercompany payable	65,121
Total accrued expenses	134,546

	2022 $
General and administrative expenses comprise:	
Management fees	100,000
Audit fees	40,000
Corporate secretarial fees	21,330
Government and insurance fees	6,413
Actuarial Fees	38,250
Incorporation Fees	99,320
Other operating expenses	9,121
Total general and administrative expenses	314,434

8. Financial Instrument Disclosure

Financial assets can be divided into the following categories as prescribed by IAS 39:

	December 2022
Assets	**$**
Insurance Balance receivable	1,042,119
Cash and cash equivalents	2,123,826
Accrued Interest	3
Prepaid expenses and other assets	174,949
Total	3,340,897

Financial liabilities can be divided into the following categories as prescribed by IAS 39:

	December 31 2022
Liabilities	**$**
Reinsurance balances payable and accrued	390,551
Insurance Balance Payable	5,244
Accounts payable and accrued expenses	134,546
Total	530,341

9. 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:

a). 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, 2022, 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.

b). 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.

c). 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.

d). 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.

e). 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, 2022 due to the cash and cash equivalents held by the Company exceeding the total liabilities recognized on the statement of financial position.

- **Maturity analysis for insurance liabilities is analyzed in the tables below.**

	Carrying amount 2022	0-1 year	1-2 years
Provision for claims	7,531	7,531	-
Unearned premiums	604,191	604,191	-
	611,722	611,722	-

f). 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.

- **Concentration of insurance risk by line of business**

Gross written premium

	2022 **$**
Surety Bonds	1,377,865
Trade Credit	135,208
	1,513,073

- **Sensitivity**

There is uncertainty inherent in the estimation process. The actual amount of unlimited claims can only be ascertained once all claims are closed. Along all the lines of business, the Trade Credit line of business has the largest unpaid claims liabilities. Given the nature of this line, this line's estimate is the most sensitive to the assumptions used. If the incurred losses on this line of business were 5% higher, the net claims liabilities would be $200 higher.

The effect on net profit would be a reduction of roughly $200, or .09%. Surplus would decrease to $2,593,164, a .01% decrease. Changes in assumptions on other line of business is not considered material.

10. 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.

11. 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, 2022, 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 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, 2022, the Company met this requirement. Actual statutory capital and surplus is $2,593,364.

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, 2022, the Company was required to maintain relevant assets of approximately $ 669,397. At that date relevant assets were $3,165,948 and the minimum liquidity ratio was therefore met.

12. Related party transactions

As of December 31, 2022, the company has accounts receivable and accounts payable with related companies since loans have been generated to pay services between intercompany:

- **Accounts receivable**

	2022 **$**
Avla Bermuda Holdings(AR)	174,949
	174,949

- **Accounts payable**

	2022 $
Avla Bermuda Holdings	10,000
Inversiones AVLA Seguros S.A	55,121
	65,121

13. Taxation

Bermuda
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.

14. Subsequent events

Subsequent to December 31, 2022, as the events involving the Russian Federation and Ukraine (the "Event") continue to evolve, it has led to countries and jurisdictions such as the U.S, the U.K. and the EU imposing economic sanctions against individuals and entities with links to Russia and/or Ukraine. The Event has caused significant financial market volatility, economic uncertainty, and changes to the way business activities are undertaken. As of the date of issuance of these financial statements, the Company is not aware of any material impact on the financial statements resulting from the Event. The Company will continue to monitor this item.

On April 27, 2023, the Company declared the payment of dividends of USD 198,880.97 to Avla Bermuda Holdings for retained earnings generated at the end of the 2022 fiscal year.

The Company has evaluated subsequent events through May 17, 2023, which is the date that the financial statements are available to be issued.