MULTI-STRAT RE LTD.

CONSOLIDATED FINANCIAL STATEMENTS

(AND INDEPENDENT AUDITORS' REPORT THEREON)

FOR THE YEARS ENDED

DECEMBER 31, 2023 AND 2022

MULTI-STRAT RE LTD.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
CONTENTS

mazars

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Multi-Strat Re Ltd.

Qualified Opinion

We have audited the consolidated financial statements of Multi-Strat Re Ltd. (the "Company") and its subsidiary, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income (loss) and comprehensive income (loss), changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the omission of the information described in the *Basis for Qualified Opinion* paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Multi-Strat Re Ltd. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As disclosed in Note 7 of the consolidated financial statements, management has omitted disclosures that are required by the accounting principles generally accepted in the United States of America to be disclosed in the Company's consolidated financial statements in accordance with Accounting Standards Update 2015-09, *Financial Services – Insurance (Topic 944): Disclosures About Short Duration Contracts.*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Cedar House, 4th Floor, 41 Cedar Avenue, HM 12 Hamilton – Bermuda
P.O. Box HM 471, Hamilton, HM BX, Bermuda
Tel: 441 292 3862, Email: info@mazars.bm

INDEPENDENT AUDITORS' REPORT *(continued)*

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Mazars Limited

Chartered Professional Accountants
Hamilton, Bermuda
April 30, 2024

MULTI-STRAT RE LTD.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2023 AND 2022
(Expressed in United States Dollars)

	Note(s)	December 31 2023 $	December 31 2022 $
ASSETS:			
Cash and cash equivalents	3,4	836,913	577,155
Segregated account assets	12	145,158,373	72,188,777
Reinsurance balances receivable		534,501	101,995
Losses and loss adjustment expenses recoverable	6,7	4,383,170	7,661,491
Losses recoverable		2,522,538	2,537,608
Commissions and fees receivable		11,534,629	5,486,815
Advances due from affiliates		2,270,770	1,255,134
Funds withheld		24,594	24,594
Deferred commission expenses		-	-
Other assets		2,112	6,288
Total Assets		167,267,600	89,839,857
LIABILITIES:			
Reinsurance balances payable		587,787	153,872
Losses and loss adjustment expenses reserves	7	4,471,381	7,744,010
Losses payable		2,522,538	2,537,608
Segregated account liabilities	12	145,158,373	72,188,777
Commissions and fees payable		15,511	15,511
Accounts payable and accrued expenses		243,644	273,423
Deferred commission income		8,424,581	5,320,589
Advances due to affiliates	5	1,482,038	1,028,105
Total Liabilities		162,905,853	89,261,895
SHAREHOLDER'S EQUITY:			
Share capital	9	120,000	120,000
Additional paid-in capital	10	359,999	359,999
Retained earnings		3,881,748	97,963
Total Shareholder's Equity	11	4,361,747	577,962
Total Liabilities and Shareholder's Equity		167,267,600	89,839,857

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

Approved by the Board of Directors:

DIRECTOR

DIRECTOR

MULTI-STRAT RE LTD.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in United States Dollars)

	Note(s)	December 31 2023 $	December 31 2022 $
UNDERWRITING INCOME			
Gross premiums written		93,524	121,313
Gross premiums ceded		(93,524)	(121,313)
Net Premiums Written and Earned		-	-
UNDERWRITING EXPENSES			
Gross losses and loss adjustment expenses incurred	6,7	264,641	(49,853)
Ceded losses and loss adjustment expenses incurred	6,7	(280,249)	49,853
Gross acquisition costs incurred		(27,974)	3,531
Ceded acquisition costs incurred		18,838	(16,972)
Ceding commission assumed		339,823	(25,815)
Ceding commission ceded		(339,823)	25,815
Total Underwriting Expenses		(24,744)	(13,441)
Net Underwriting Loss		(24,744)	(13,441)
OTHER INCOME (EXPENSE)			
Fee income, ceding commissions		1,589,032	140,246
Fee income, underwriting performance fees		2,917,569	109,769
Fee income, account management fees		75,653	87,229
Fee income, advisory		288,250	231,767
Fee income, other		1,678,582	1,569,548
Net investment income		36,676	11,490
Total Other Income		6,585,762	2,150,049
General and administrative expenses		(2,777,233)	(2,263,001)
Taxation	8	-	-
Net Income (Loss) and Comprehensive Income (Loss)		3,783,785	(126,393)

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

MULTI-STRAT RE LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in United States Dollars)

	Share Capital $	Additional Paid-in Capital $	Retained Earnings $	Totals $
Shareholder's equity - December 31, 2021	120,000	359,999	224,356	704,355
Comprehensive loss for the year	-	-	(126,393)	(126,393)
Shareholder's equity - December 31, 2022	120,000	359,999	97,963	577,962
Comprehensive income for the year	-	-	3,783,785	3,783,785
Shareholder's equity - December 31, 2023	120,000	359,999	3,881,748	4,361,747

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

MULTI-STRAT RE LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in United States Dollars)

	December 31 2023 $	December 31 2022 $
OPERATING ACTIVITIES		
Net income (loss) from operations	3,783,785	(126,393)
Net Changes in Non-Cash Balances Relating to Operations:		
Reinsurance balances receivable	(432,506)	(98,392)
Losses and loss adjustment expenses recoverable	3,278,321	3,937,440
Losses recoverable	15,070	(1,192,072)
Commissions and fees receivable	(6,047,814)	(4,862,055)
Advances due from affiliates	(1,015,636)	(524,346)
Funds withheld	-	935
Deferred commission expenses	-	61,595
Other assets	4,176	8,733
Reinsurance balances payable	433,915	96,050
Losses and Loss Adjustment Expense Reserves	(3,272,629)	(3,952,255)
Losses payable	(15,070)	1,192,072
Commissions and fees payable	-	(169,943)
Accounts payable and accrued expenses	(29,779)	68,414
Deferred commission income	3,103,992	4,822,274
Advances due to affiliates	453,933	716,413
Cash and Cash Equivalents Applied to (Used in) Operating Activities	259,758	(21,530)
Net change in cash and cash equivalents for the year	259,758	(21,530)
Cash and Cash Equivalents, beginning of year	577,155	598,685
Cash and Cash Equivalents, end of year	836,913	577,155
Unrestricted cash and cash equivalents	363,993	125,237
Restricted cash and cash equivalents	472,920	451,918
Total cash and cash equivalents	836,913	577,155

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

1. General

Multi-Strat Re Ltd. (the "Company"), was incorporated in Bermuda on August 20, 2012, and is a 100% owned subsidiary of Multi-Strat Holdings Ltd., a company incorporated in Bermuda. The Company's ultimate parent is Canopius Group Limited, a company incorporated in Jersey.

The Company was licensed as a Special Purpose Insurer under The Insurance Act (1978), amendments thereto, and related regulations (the "Act") on August 28, 2013. The Company was relicensed as a Class 3A Insurer on October 21, 2014. The Company was also registered under the Segregated Accounts Company Act 2000 ("SAC Act") effective October 16, 2017.

The Company provides reinsurance for captives, insurance and reinsurance companies, managing general agencies, risk retention groups, run-off companies, and other insurance-related companies requiring surplus relief, risk capacity, and risk protection. This is achieved through the assumption of low loss volatility loss portfolio transfers, capped quota share business, and similar contracts from multiple sources. On a number of contracts, the Company retrocedes all of its risks to Bermudian Class 3A or similar non-Bermudian reinsurers. On its remaining contracts, the Company assumes risks through segregated accounts backed by the sponsor capital providers of the segregated accounts. The reinsurers and sponsored segregated accounts are collectively referred to as "Participating Reinsurers". All insurance contracts retroceded by the Company are fully funded through letters of credit or reinsurance trust agreements.

The Company and each of the Participating Reinsurers have entered into: (i) a Services Agreement whereby the Company provides certain underwriting and administrative services to the Participating Reinsurers, and (ii) a Reinsurance Agreement whereby the Participating Reinsurers agree to assume a share of or the entire exposure of the business written by the Company. In addition, Participating Reinsurers have supplementary agreements with the Company specifying certain applicable terms.

During December 2015, the Company acquired 100% of the issued share capital of Garden Insurance Company of Vermont ("Garden"). Prior to June 30, 2015, Garden provided workers' compensation, auto liability, general liability (including products liability), auto physical damage and Terrorism Risk Insurance Act coverage to Elixir Industries, the prior parent company of Garden. Elixir Industries was a major supplier for manufactured housing and recreational vehicles in the United States. Garden ceased underwriting business on June 30, 2015. Effective March 27, 2017 Garden converted from a pure captive to a sponsored cell captive insurance company. On August 15, 2019, Garden established an incorporated cell, GPC-IC-19-101 LLC, to provide a general liability excess of loss program for a third-party Member.

As noted above, the Company is also registered under the SAC Act. For each segregated account, the Company has an account ownership governing instrument. These agreements describe the terms and conditions of establishing the segregated account including an obligation by the sponsor capital provider to fund any deficiency of segregated account liabilities over segregated account assets. Creditors of segregated accounts established to date have no claim upon the assets of other segregated accounts or upon the Company's general account assets.

During the year ended December 31, 2017, two segregated accounts were established. Effective July 1, 2017, MSRe-SA-2017-01 provides quota share retrocessional coverage for private passenger business. Effective December 1, 2017, MSRe-SA-2017-02 entered into a loss portfolio transfer agreement with one of the Company's Participating Reinsurers which had decided to voluntarily wind up its operations.

1. General *(continued)*

During the year ended December 31, 2022, the Company established two new Segregated Accounts, MSRE VGL SA 22-101 and Rocky Mountain Re SA. MSRE VGL SA 22-101 was established to reinsure a single contractor general liability program. Rocky Mountain Re SA was established to reinsure prospective and retrospective casualty transactions, and has written four transactions to date, covering lines of business including Commercial Auto Liability, Management Professional Liability, Contractor and Artisan Craftsman Liability and General Liability.

2. Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are denominated in U.S. dollars, which is the Company's functional currency. These consolidated financial statements include the results of the Company and its 100% wholly owned subsidiary, Garden, which has been aggregated on a line-by-line basis. Intercompany accounts, transactions and shareholdings have been eliminated on consolidation.

The following are the significant accounting policies adopted by the Company:

Use of Estimates

To prepare the consolidated financial statements, management has to make estimates and assumptions that affect the book value of assets and liabilities, income and expenses, and data disclosed in the notes to the consolidated financial statements.

All estimates are subjective in nature and could materially influence the consolidated financial statements. Accordingly, management makes these estimates and assessments on an ongoing basis according to past experience and various factors that are deemed reasonable and which constitute the basis for these assessments. The amounts shown in the Company's future consolidated financial statements are likely to differ from these estimates in accordance with changes in assumptions or different conditions.

The principal significant estimates made by the Company's management primarily affect the losses and loss adjustment expense reserves.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with a maturity of three months or less at the date of purchase. The carrying value approximates fair value because of the short-term nature and high liquidity of these assets.

Premium Recognition and Acquisition Costs

Insurance premiums assumed and ceded for prospective reinsurance contracts are earned over the loss exposure or coverage period of the underlying policies. Premiums assumed and ceded for retroactive reinsurance policies are earned at the inception of the contracts, as all of the underlying loss events covered by the underlying policies have occurred. Any underwriting gain or loss at inception related to retroactive exposures in a reinsurance contract is recognized immediately.

2. Significant Accounting Policies *(continued)*

Premium Recognition and Acquisition Costs *(continued)*

Premium adjustments are recorded in the periods in which they become known. Commissions and other costs incurred on the acquisition of new and renewal business are deferred and amortized over the terms of the policies or reinsurance contracts to which they relate.

The method followed in determining the deferred acquisition costs limits the amount of deferral to its realizable value by giving consideration to losses and expenses expected to be incurred as premiums are earned. It also considers anticipated investment income.

Fee Income

The Company receives ceding commission, protected cell fees ("PCF"), segregated account fees ("SAC"), account maintenance fees ("AMF"), revenue sharing fees ("RSF"), and underwriting performance incentives fees ("UPI").

Ceding commissions are earned based on underlying premiums written. PCF and SAC fees are earned on a quarterly basis in advance for all cells and accounts that continue operations.

AMF, RSF and UPI fees are estimated based on the life of the underlying contracts and calculated on the basis of one or more factors including reserve balances, payout patterns and contract performance. An accrual is recorded on contract inception and earned over the expected contract life.

Interest Income and General and Administrative Expenses

Interest income and general and administrative expenses are recognized on the accrual basis of accounting.

Variable Interest Entities and Non-controlling Interests

The legal and regulatory construct of segregated account companies ("SACs") allows for the effective segregation of the various pools of activities. While segregated accounts within SACs are not separate legal entities, due to their unique characteristics and legal structure of the Company as a whole, SACs may be considered a Variable Interest Entity ("VIE") under U.S. GAAP. A VIE refers to an entity that has characteristics such as (i) insufficient equity at risk to allow the entity to finance its activities without additional financial support or (ii) instances where the equity investors, as a group, do not have characteristics of a controlling financial interest.

The primary beneficiary of a VIE is defined as the variable interest holder that is determined to have the controlling financial interest as a result of having both (i) the power to direct the activities of a VIE that most significantly impact the economic performance of the VIE and (ii) the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. If a company is determined to be the primary beneficiary, it is required to consolidate the VIE in its financial statements.

At inception of the VIE as well as on an ongoing basis, the Company determines whether it is the primary beneficiary based on an analysis of the Company's level of involvement in the VIE, the contractual terms, and the overall structure of the VIE. The Company reviews the facts and circumstances of each of the segregated accounts in operation within the Company, including corporate governance, underwriting activity and the receipt of fees.

The Company has concluded that the Company itself is not the primary beneficiary of any segregated accounts, but as the legal entity of the segregated cells, has elected to report the segregated cells assets and liabilities on a deposit accounting basis in these consolidated financial statements.

2. Significant Accounting Policies *(continued)*

Variable Interest Entities and Non-controlling Interests *(continued)*

For GPC-IC-19-101 LLC, a limited liability company and an incorporated cell of Garden, the cell is 100% owned by the Member who participates in the profits and losses. The governance of the cell is managed by an independent board of directors which is made up by a majority appointed by the Member. As such, the Company has concluded that there is no risk transfer to Garden and therefore no recognition of the financial assets, liabilities or results of the cell in these consolidated financial statements.

Assets Held and Liabilities Related to Segregated Accounts

The Company has adopted the method of "deposit accounting" relating to the insurance transactions of its segregated accounts since all of the contracts facilitated are maintained in segregated accounts, each of which insure certain risks of the participant(s) of that segregated account. Losses incurred by each segregated account are limited to the assets available within that segregated account. The result of operations of the segregated accounts are not included within these consolidated financial statements as the Company's shareholders do not have an interest in the net income, assets or liabilities of the segregated accounts. The significant accounting policies adopted by the segregated accounts follow those of the Company described herein.

Assets held within the segregated accounts have been recorded within these consolidated financial statements as segregated account assets and the corresponding liabilities are recorded as segregated account liabilities.

Losses and Loss Adjustment Expenses

The liability for loss and loss expense provisions includes an amount determined from loss reports and individual cases and an amount, based on the recommendations of an independent actuary using past loss experience and industry loss development factors, for losses incurred but not reported ("IBNR"). There were no significant changes in the methodology for determining the liability for losses and loss adjustment expenses in the current year. These estimates are periodically reviewed and are subject to the impact of future changes in such factors as claims severity and frequency. While management believes that the amount is adequate, the ultimate liability is subject to inherent uncertainty given the nature of the reinsurance coverage in place and may be materially in excess of, or less than, the amounts provided. Any adjustments will be reflected in the periods in which they become known.

Taxation

Garden is subject to the tax laws of the United States of America and accounts for income taxes, deferred tax assets and deferred tax liabilities in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 "*Income Taxes*". Consistent with this guidance, the Company records deferred income taxes which reflect the tax effect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. A valuation allowance is recorded against gross deferred tax assets if it is more likely than not that all or some portion of the benefits related to the deferred tax assets will not be realized.

The Company recognizes the tax benefits of uncertain tax positions only where the position is more likely than not to be sustained upon audit by tax authorities. The Company would recognize accruals for any interest and penalties related to uncertain tax positions in income tax expenses.

2. Significant Accounting Policies *(continued)*

New Accounting Standards Adopted During the Year

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in this update significantly change the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. The update also provides for recording credit losses on available-for-sale debt securities through an allowance account.

In November 2018, the FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses. This update defers the implementation date of the new credit loss standard for nonpublic entities by one year and clarifies that operating lease receivables are not within its scope. The amendments are effective upon adoption of the amendments in ASU 2016-13.

In May 2019, the FASB issued ASU 2019-05, Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief. This update provides transition relief by providing entities with an alternative to irrevocably elect the fair value option for eligible financial assets measured at amortized cost upon adoption of the credit losses standard. The amendments are effective upon adoption of the amendments in ASU 2016-13.

In November 2019, the FASB issued ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments—Credit Losses. This update was issued to clarify the new credit impairment guidance in ASC 326 based on implementation issues raised by stakeholders. The amendments are effective upon adoption of the amendments in ASU 2016-13.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The amendments in this update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance.

In March 2020, the FASB issued ASU 2020-03, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in this update make narrow-scope improvements to various financial instruments Topics, including the current expected credit losses standard. The amendments are effective upon adoption of the amendments in ASU 2016-13.

In October 2020, the FASB issued ASU 2020-10, Codification Improvements. The amendments in this update contain improvements that vary in nature and enhance the consistency of the Codification.

The adoption of these amendments did not have a material effect on the consolidated financial statements of the Company.

2. Significant Accounting Policies *(continued)*

New Accounting Standards to be Adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2023 and have not been applied in the preparation of these consolidated financial statements. Those which may be relevant to the consolidated financial statements of the Company are as follows:

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments in this address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. For nonpublic entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted.

The Company has determined that all other recently issued pronouncements do not apply to its operations.

3. Concentration of Credit Risk

As of December 31, 2023, and 2022, the Company's cash and cash equivalents are held with two international financial institutions.

Garden maintains its cash balance with one bank which is insured by the Federal Deposits Insurance Corporation ("FDIC") up to $250,000. Garden monitors the financial strength of the banks that hold its deposits on an ongoing basis. During the normal course of business, balances may exceed the FDIC insurance limit.

At December 31, 2023, Garden has restricted cash of $472,920 (2022: $451,918) that is included in cash and cash equivalents.

4. Fair Value of Financial Instruments

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

Cash and Cash Equivalents:

The carrying amounts reported in the consolidated balance sheet for these instruments approximate their fair values.

Other Assets and Liabilities:

The fair value of reinsurance balances receivable, losses recoverable, commissions and fees receivable, reinsurance balances payable, losses payable, commissions and fees payable, accounts payable and accrued expenses, approximates their carrying value due to their relative short-term nature.

The estimates of fair values presented herein are subjective in nature and are not necessarily indicative of the amounts that the Company would actually realize in a current market exchange. However, any differences would not be expected to be material. Certain instruments such as other assets and losses and loss adjustment expense reserves are not required to be fair valued. Therefore, the total fair value amounts cannot be aggregated to determine the underlying economic value of the Company.

(Expressed in United States Dollars)

5. Related Party Transactions

Advances due to affiliates as of December 31, 2023 includes amounts advanced of $1,033,105 (2022: $1,028,105) from the Company's parent, MultiStrat Holdings Ltd. ("MSHL"). Also included are balances payable to Multi-Strat Advisors Ltd. of $440,738 (2022: $Nil) and to SAC-01 of $8,195 (2022: $Nil).

Effective May 1, 2017, Garden entered into a promissory note agreement with Multi-Strat Advisors Ltd. ("MSAL"), an affiliate, in the amount of $282,100. The note is unsecured and payable on demand with interest on the unpaid principal outstanding calculated by reference to the London Interbank Offered Rate ("LIBOR") as measured on the issuance date, plus 2.5%, compounding quarterly. The balance of this promissory note, including interest accrued, totaled $172,913 at December 31, 2023 (2022: $167,438) and is included within advances due from affiliates.

Advances due from affiliates as of December 31, 2023 includes amounts receivable of $1,313,174 (2022: $360,542) from MSAL and $784,683 receivable (2022: $697,154) from MultiStrat Advisors Inc. ("MSAI").

All advances to affiliates are non-interest bearing and repayable on demand.

6. Losses and Loss Adjustment Expenses Recoverable

Losses and loss adjustment expenses recoverable represents amounts recoverable from two Participating Reinsurers and two Segregated Accounts under Quota Share Retrocession and other Agreements that are required to be collateralized by letters of credit and/or reinsurance trust agreements. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectible.

The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

During the years ended December 31, 2023 and 2022, there were no allowances made for such amounts.

7. Losses and Loss Adjustment Expense Reserves

Gross Losses and Loss Adjustment Expense Reserves comprise:

	December 31, 2023 $	**December 31, 2022 $**
Outstanding losses	2,316,705	3,870,945
Losses incurred but not reported	2,154,676	3,873,065
Net loss and loss expense provisions at end of year	4,471,381	7,744,010

(Expressed in United States Dollars)

7. Losses and Loss Adjustment Expense Reserves *(continued)*

The following table represents the activity in the Losses and Loss Adjustment Expense Reserves:

	December 31, 2023 $	December 31, 2022 $
Gross loss and loss expense provisions at beginning of year	7,744,010	11,696,265
Less: Reinsurance recoverable at beginning of year	7,661,491	11,598,931
Net loss and loss expense provisions at beginning of year	82,519	97,334
Net losses and loss expenses incurred related to:		
Current year	15,607	-
Prior years	-	-
Total net incurred losses and loss expenses	15,607	-
Net losses and loss expenses paid or payable related to:		
Current year	-	-
Prior years	(9,915)	(14,815)
Total loss and loss expenses paid or payable	(9,915)	(14,815)
Net loss and loss expense provisions at end of year	88,211	82,519
Add: Reinsurance recoverable at end of year	4,383,170	7,661,491
Gross loss and loss expenses provisions at end of year	4,471,381	7,744,010

Management believes that the assumptions used establishing its provision for loss and loss adjustment expenses represent a realistic and appropriate basis for estimating those reserves as of December 31, 2023 and 2022. However, these assumptions are subject to change. The Company regularly reviews and adjusts its reserve estimates, taking into account all currently known information, and updates assumptions related to unknown information.

While management believes it has made a reasonable estimate of loss expenses occurring up to the consolidated balance sheet date, the ultimate costs of claims incurred could exceed the Company's reserves.

In 2023, as a result of changes in estimates of insured events in prior years, incurred loss and loss expenses increased by $15,607 (2022: $Nil). This was due to a re-opened claim on the Garden book of business.

Management has omitted certain disclosures required by U.S. GAAP Accounting Standards Update 2015-09 "*Financial Services – Insurance (Topic 944): Disclosures about Short-Duration Contracts*". Management has omitted the required disclosures as they are not considered meaningful given the disclosures would relate only to the Garden book of business which is in run-off and not material to the consolidated financial statements.

8. Taxation

As at December 31, 2023 and 2022, Garden recorded a 100% valuation allowance of $1,452,475 and $1,423,169 respectively against a deferred tax asset of the same amount as management believes it is more likely than not that all of the deferred tax asset will not be realized. The change in valuation allowance during the year ended December 31, 2023 is $29,306 (2022: $4,913).

The income tax expense was $Nil for the years ended December 31, 2023 and 2022. Garden has a net operating loss carry forward as of December 31, 2023 of $7,053,669, which will begin to expire in 2024 (2022 - $6,914,118).

Bermuda

On December 27, 2023, the Bermuda Corporate Income Tax Act 2023 ("BCIT Act") was enacted into law. The BCIT Act introduces a 15% corporate income tax ("CIT") on Bermuda businesses that are part of multinational enterprise ("MNE") groups with annual revenue of €750 million or more.

Management has reviewed the provisions of the BCIT Act and deemed that The Company is currently not in scope.

9. Share Capital

The Company has authorized share capital of 1,200,000 common shares with a par value of $1.00 each. As at December 31, 2023 and 2022, there was issued and fully paid share capital of $120,000.

10. Additional Paid-In Capital

During the years ended December 31, 2023 and 2022, there were no movements in additional paid in capital.

11. Statutory Requirements

As a registered insurance company under the Bermuda 'Insurance Act 1978 amendments thereto and related regulations' (the "Act"), the Company is required to prepare Statutory Financial Statements and to file a Statutory Financial Return annually (or as otherwise agreed, in certain circumstances). The Act also requires the Company to meet certain defined measures of solvency and liquidity.

(Expressed in United States Dollars)

11. Statutory Requirements *(continued)*

The statutory capital and surplus amounted to $40,452,851 and $32,298,051 as of December 31, 2023 and 2022, respectively. A reconciliation of the statutory capital and surplus to GAAP equity is below:

	December 31, 2023	December 31, 2022
	$	$
Shareholder's equity in accordance with U.S. GAAP	4,361,747	577,962
Less: Non-admitted assets		
Prepaid expenses	-	(4,077)
Non-controlling SACs consolidated under statutory basis of accounting	36,091,104	31,724,166
Statutory capital and surplus	40,452,851	32,298,051

The minimum statutory capital and surplus required by the Act for the Company's current operations amounted to $1,500,000 at December 31, 2023 (2022 - $1,500,000).

Pursuant to insurance laws of the State of Vermont, Garden is required to maintain capital and surplus of $100,000. Garden's equity (capital and surplus) amounted to $230,834 and $379,521 as of December 31, 2023 and 2022, respectively.

At December 31, 2023, Garden has cash and cash equivalents held in trusts of $472,920 (2022: $451,918) as security for reinsurance agreements.

(Expressed in United States Dollars)

12. Segregated Accounts

As at December 31, 2023 and 2022, segregated accounts assets and liabilities are shown separately in the consolidated balance sheets as segregated account assets and segregated account liabilities.

A summary of these balances, and the aggregate operations of the segregated accounts, is as follows:

	December 31 2023 $	December 31 2022 $
Balance Sheet		
Cash and cash equivalents	28,879,191	20,875,993
Investments	87,751,508	28,909,200
Deferred acquisition cost	15,925,571	9,024,366
Reinsurance balances receivable	11,760,540	12,355,824
Funds withheld	515,137	417,302
Other Assets	326,426	606,092
Total Assets	145,158,373	72,188,777
Losses and Loss Adjustment Expense Reserves	47,622,064	7,249,273
Losses payable	6,224,846	3,430,690
Other liabilities	9,552,158	1,780,262
Unearned premium reserves	45,655,573	27,994,416
Net equity due to preferred shareholders	36,103,732	31,734,136
Total Liabilities	145,158,373	72,188,777
Non-Controlling Interests	-	-

	2023 $	2022 $
Statement of Operations		
Net premiums written	105,997,661	35,553,749
Change in unearned premium	(17,661,158)	(27,994,416)
Net premiums earned	88,336,503	7,559,333
Acquisition costs	(31,080,874)	(2,941,562)
Losses and loss adjustment expenses incurred	(44,204,701)	(1,966,632)
Profit commission loss	-	-
General and administrative expenses	(4,932,555)	(448,664)
Net investment income	4,275,224	315,514
Other income	(2,903,578)	432,365
Net income and comprehensive income	9,490,019	2,950,354

13. Subsequent Events

The Company has evaluated known recognized and non-recognized subsequent events through April 30, 2024.

There have been no significant subsequent events identified up to the date of approval of these consolidated financial statements.