



KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of

GAN DIRECT INSURANCE LTD

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015, of Gan Direct Insurance Ltd (the "Company"), prepared as at 31 December 2020:

- S.02.01.02 - Balance sheet
- S.17.01.02 – Non-Life Technical Provisions
- S.23.01.01 – Own funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

The above QRTs are collectively referred to for the remainder of this report as "the relevant QRTs of the Solvency and Financial Condition Report".

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2020 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016, the Commission Delegated Regulation (EU) 2015/35, the Commission Delegated Regulation (EU) 2016/467, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

Limassol
P.O. Box 50161, 3601
T +357 25 663000
F +357 25 363812

Paphos
P.O. Box 60288, 8101
T +357 26 943050
F +357 26 943062

Polis Chrysothous
P.O. Box 66014, 8330
T +357 26 322098
F +357 26 322722

Larnaca
P.O. Box 40075, 6300
T +357 24 200000
F +357 24 200200

Paralimni / Ayia Napa
P.O. Box 33200, 5311
T +357 23 820080
F +357 23 820084

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 relevant QRTs of the Solvency and Financial Condition Report* section of our report. We 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 relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the 'Valuation for solvency purposes', 'Capital Management' and other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of preparation. The Solvency and Financial Condition Report is prepared in compliance with the Framework, and therefore in accordance with a special purpose financial reporting framework. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the Other information. The Other information comprises certain narrative sections and certain QRTs of the Solvency and Financial Condition Report as listed below:

Narrative sections:

- Business and performance
- Valuation for solvency purposes
- Capital management

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015):

- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.19.01.21 - Non-Life insurance claims

Our opinion on the relevant QRTs of the Solvency and Financial Condition Report does not cover the Other information listed above and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Solvency and Financial Condition Report

The Board of Directors is responsible for the preparation of the Solvency and Financial Condition Report in accordance with the Framework.

The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Solvency and Financial Condition Report, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report

Our objectives are to obtain reasonable assurance about whether the relevant QRTs of the Solvency and Financial Condition Report 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 it 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 the Solvency and Financial Condition Report.

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 relevant QRTs of the Solvency and Financial Condition Report, 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 the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors 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.

Other Matter

Our report is intended solely for the Board of Directors of the Company and should not be used by any other parties. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

KPMG Limited

KPMG Limited
Certified Public Accountants and Registered Auditors
Esperidon 14,
1087 Nicosia, Cyprus

07 April 2021

Annex I
S.02.01.02
Balance sheet

	Solvency II value	
	C0010	
Assets		
Intangible assets	R0030	-
Deferred tax assets	R0040	19.050
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	10.049.791
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	9.509.868
Property (other than for own use)	R0080	191.163
Holdings in related undertakings, including participations	R0090	10.000
Equities	R0100	445
Equities - listed	R0110	445
Equities - unlisted	R0120	-
Bonds	R0130	-
Government Bonds	R0140	-
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	-
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	9.308.060
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	1.270.487
Non-life and health similar to non-life	R0280	1.270.487
Non-life excluding health	R0290	1.115.328
Health similar to non-life	R0300	155.159
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	1.120.443
Reinsurance receivables	R0370	-
Receivables (trade, not insurance)	R0380	373.731
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	1.651.087
Any other assets, not elsewhere shown	R0420	203.016
Total assets	R0500	24.197.473
	Solvency II value	
	C0010	
Liabilities		
Technical provisions – non-life	R0510	14.129.462
Technical provisions – non-life (excluding health)	R0520	13.906.359
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	13.174.274
Risk margin	R0550	732.085
Technical provisions - health (similar to non-life)	R0560	223.103
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	218.695
Risk margin	R0590	4.408
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Contingent liabilities	R0730	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	666.915
Derivatives	R0790	-
Debts owed to credit institutions	R0800	42.934
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	120.679
Reinsurance payables	R0830	123.860
Payables (trade, not insurance)	R0840	459.852
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	283.528
Total liabilities	R0900	15.827.230
Excess of assets over liabilities	R1000	8.370.243

	Direct business and accepted proportional reinsurance										Accepted					Total Non-Life obligation	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010																	
R0050																	
R0060		115,063		2,504,268	1,414,915		179,182	1,293									421,471
R0140		76,885		125,020			94,908										296,823
R0150		38,178		2,379,238	1,414,915		84,774	1,293									3,917,899
R0160		103,632		6,978,505	1,958,434	528	137,149										9,178,248
R0240		78,374		797,854		422	97,114										973,664
R0250		25,358		6,180,651	1,958,434	106	40,035										8,204,584
R0260		218,695		9,482,773	3,373,349	528	316,331	1,293									13,392,969
R0270		63,536		8,559,889	3,373,349	106	124,308	1,293									12,122,482
R0280		4,408		498,170	215,171	36	17,551	1,158									736,493
R0290																	
R0300																	
R0310																	
R0370		223,103		9,980,943	3,586,520	564	333,882	2,451									14,129,462
R0330		155,159		922,884		422	192,023										1,270,487
R0340		67,944		9,058,059	3,586,520	142	141,859	2,451									12,858,975

Technical provisions calculated as a whole
Total Recoverable from reinsurance-SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole
Technical provisions calculated as a sum of BE and RM
Best estimate
Premium provisions
Gross
Total recoverable from reinsurance-SPV and Finite Re after the adjustment for expected losses due to counterparty default
Net Best Estimate of Premium Provisions
Claims provisions
Gross
Total recoverable from reinsurance-SPV and Finite Re after the adjustment for expected losses due to counterparty default
Net Best Estimate of Claims Provisions
Total Best estimate - gross
Total Best estimate - net
Risk margin
Amount of the transitional on Technical Provisions
Technical Provisions calculated as a whole
Best estimate
Risk margin
Technical provisions - total
Technical provisions - total
Recoverable from reinsurance contract-SPV and Finite Re after the adjustment for expected losses due to counterparty default - total
Technical provisions minus recoverables from reinsurance-SPV and Finite Re - total

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	1.504.800	1.504.800		
Share premium account related to ordinary share capital	R0030	-	-		
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		
Subordinated mutual member accounts	R0050	-	-		
Surplus funds	R0070	-	-		
Preference shares	R0090	-	-		
Share premium account related to preference shares	R0110	-	-		
Reconciliation reserve	R0130	6.865.443	6.865.443		
Subordinated liabilities	R0140	-	-		
An amount equal to the value of net deferred tax assets	R0160	-	-		
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-		

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-	-		
---	-------	---	---	--	--

Deductions

Deductions for participations in financial and credit institutions	R0230	-	-		
Total basic own funds after deductions	R0290	8.370.243	8.370.243		

Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand	R0300	-	-		
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-	-		
Unpaid and uncalled preference shares callable on demand	R0320	-	-		
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-	-		
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-	-		
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-	-		
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-	-		
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-	-		
Other ancillary own funds	R0390	-	-		
Total ancillary own funds	R0400	-	-		

Available and eligible own funds

Total available own funds to meet the SCR	R0500	8.370.243	8.370.243		
Total available own funds to meet the MCR	R0510	8.370.243	8.370.243		
Total eligible own funds to meet the SCR	R0540	8.370.243	8.370.243		
Total eligible own funds to meet the MCR	R0550	8.370.243	8.370.243		
SCR	R0580	5.986.692			
MCR	R0600	3.700.000			
Ratio of Eligible own funds to SCR	R0620	139,81%			
Ratio of Eligible own funds to MCR	R0640	226,22%			

Reconciliation reserve

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0060				
Excess of assets over liabilities	R0700	8.370.243			
Own shares (held directly and indirectly)	R0710	-			
Foreseeable dividends, distributions and charges	R0720	-			
Other basic own fund items	R0730	1.504.800			
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-			
Reconciliation reserve	R0760	6.865.443			
Expected profits					
Expected profits included in future premiums (EPIFP) - Life business	R0770	-			
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	-			
Total Expected profits included in future premiums (EPIFP)	R0790	-			

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0100
Market risk	R0010 2 965 780		
Counterparty default risk	R0020 616 922		
Life underwriting risk	R0030 -		
Health underwriting risk	R0040 151 047		
Non-life underwriting risk	R0050 3 890 441		
Diversification	R0060 1 819 934		
Intangible asset risk	R0070 -		
Basic Solvency Capital Requirement	R0100 5 804 256		
Calculation of Solvency Capital Requirement			
Operational risk	R0130 401 789		
Loss-absorbing capacity of technical provisions	R0140 -		
Loss-absorbing capacity of deferred taxes	R0150 219 353		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160 -		
Solvency Capital Requirement excluding capital add-on	R0200 5 986 692		
Capital add-on already set	R0210 -		
Solvency capital requirement	R0220 5 986 692		
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400 -		
Total amount of Notional Solvency Capital Requirements for remaining part	R0410 -		
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420 -		
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430 -		
Diversification effects due to RFF nSCR aggregation for article 304	R0440 -		

Annex I

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

MCR _{NL} Result		C0010
	R0010	#NAME?

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	-
Income protection insurance and proportional reinsurance	R0030	63.536
Workers' compensation insurance and proportional reinsurance	R0040	-
Motor vehicle liability insurance and proportional reinsurance	R0050	8.559.889
Other motor insurance and proportional reinsurance	R0060	3.373.349
Marine, aviation and transport insurance and proportional reinsurance	R0070	106
Fire and other damage to property insurance and proportional reinsurance	R0080	124.308
General liability insurance and proportional reinsurance	R0090	1.293
Credit and suretyship insurance and proportional reinsurance	R0100	-
Legal expenses insurance and proportional reinsurance	R0110	-
Assistance and proportional reinsurance	R0120	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-
Non-proportional health reinsurance	R0140	-
Non-proportional casualty reinsurance	R0150	-
Non-proportional marine, aviation and transport reinsurance	R0160	-
Non-proportional property reinsurance	R0170	-

Linear formula component for life insurance and reinsurance obligations

MCR _L Result		C0040
	R0200	-

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-
Obligations with profit participation - future discretionary benefits	R0220	-
Index-linked and unit-linked insurance obligations	R0230	-
Other life (re)insurance and health (re)insurance obligations	R0240	-
Total capital at risk for all life (re)insurance obligations	R0250	-

Overall MCR calculation

		C0070
Linear MCR	R0300	2.005.598
SCR	R0310	5.986.692
MCR cap	R0320	2.694.011
MCR floor	R0330	1.496.673
Combined MCR	R0340	2.005.598
Absolute floor of the MCR	R0350	3.700.000
		C0070
Minimum Capital Requirement	R0400	3.700.000