NorthStandard

Directors' Report, Strategic Report and Financial Statements 2026

NorthStandard Limited

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DIRECTORS

C d'Amico	■	
NJO Fell		
AJ Groom	▲∗●	
JP Grose	●	
N Hadjioannou	■●	
L Henneberg		Appointed 11 February 2026
PA Jennings	●	
E Johnsen	▲■	
MD Marinos	●	
KA Morgan	▲∗	
I Procopiou	■	Resigned 12 November 2025
JPF Reith	∗	
NR Taylor	▲∗	
MR Thompson	▲∗■	
JA Tyrrell	■●	
P Vellis	∗■	
MAB Voorham	●	

Member of the Group Audit Committee	▲
Member of the Group Nominations & Remuneration Committee	■
Member of the Group Risk Committee	∗
Member of the Group Investment Committee	●

COMPANY SECRETARY
MSR McGeary

Primary Bankers
Nordea Bank Abp, Filial i Norge
Essendropsgate 7
PO Box 1166 Sentrum
0107 Oslo
Norway

Barclays Bank Plc
49-51 Northumberland Street
Newcastle Upon Tyne
NE1 7AF
UK

Barclays Bank Ireland Plc
1 Molesworth Street
Dublin 2
D02 RF29
Ireland

Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

NorthStandard Limited
20 February 2026

STRATEGIC REPORT

The Directors present their Strategic Report together with their Directors' Report, and the Group and Company financial statements of NorthStandard Limited, for the year ended 20 February 2026.

Principal activities

NorthStandard is a marine mutual insurance company owned by its shipowner and charterer Members, who are policyholders of mutual insurance policies issued by the Company and its subsidiaries.

NorthStandard and its subsidiary companies provide marine protection and indemnity insurance ("P&I"), freight, demurrage, and defence insurance ("FD&D"), and related covers on a mutual basis to its shipowner and charterer Members. The Group also provides marine P&I, FD&D, and related insurance, together with marine Hull and marine War, on a fixed premium basis to Members and non-Members.

NorthStandard is one of twelve member Clubs of the International Group of P&I Clubs ("the IG"), which between them provide marine liability cover for 90% of the world's ocean-going tonnage. Through the IG, the member Clubs, whilst individually competitive, share their large loss exposures, and their respective knowledge and expertise on matters relating to shipowners' third-party liabilities.

Key developments in the year

NorthStandard is committed to long-term growth, with a focus on diversification. We selectively welcomed a small number of new members at the 20 February 2025 renewal, and received incredible support from across our existing membership – including substantial commitments at renewal or from new acquisitions expected to deliver during the year. As of 20 February 2025, mutual poolable tonnage increased to 270m gross tonnage (GT).

In 2025 / 2026 our specialty business continued to expand, achieving sustainable growth in annual premium income from our existing sectors, whilst continuing to look for other ways to diversify our business and expand our product offering. During the year, we added Upstream Energy and Marine & Energy Liability sectors, broadening our specialty portfolio into significant adjacent markets and signalling our commitment to building long-term partnerships in marine and energy markets.

NorthStandard has continued with its plans to rationalise its group structure following the 2023 merger, and achieved a major milestone this year by consolidating its European business through the merger of The Standard Club Ireland DAC into NorthStandard EU DAC. Investment in new and innovative digital services has continued, collaborating with key partners in the development and rollout of AI-enhanced tools and resources for our Members.

Performance in the year and position at the year end

The Board has established certain Key Performance Indicators ("KPIs") by reference to which the development, performance and position of NorthStandard's business can be measured effectively.

The financial KPIs established by the Board are summarised in the below table.

	2026	**2025**
Gross written premium	US$949.0m	US$897.7m
Gross written premium – specialty business	US$158.7m	US$139.0m
S&P Rating and Outlook	A (Stable)	A (Stable)
Expense ratio	14.3%	14.9%
Combined ratio	89.2%	113.1%
Investment return	US$38.6m	US$31.1m

The expense ratio is an expression of the Group's acquisition costs and administrative expenses as a proportion of gross earned premiums. The combined ratio is an expression of the sum of the Group's net operating expenses and claims incurred, net of reinsurance as a proportion of the sum of the Group's earned premiums, net of reinsurance.

Written premium has increased from US$897.8m to US$949.0, with significant contributions to the movement being the 5% general premium increase declared for the P&I class of business for the 2025 policy year and growth of our Specialty business lines.

STRATEGIC REPORT (CONTINUED)

The cost of claims in a year tends to be driven by our experience of large claims on the most recent policy year for NorthStandard's own claims, combined with the level of activity on the IG pool in which NorthStandard participates. At the twelve-month development stage of the 2025/26 policy year the Group has experienced fewer large claims than at the same stage of the 2024/25 policy year. Claims reported to the IG pool are also fewer at the twelve-month development stage for the current policy year than for 2024/25, all be it with a higher average value. Offsetting this better experience on our own large claims and on the IG pool for the most recent policy year, we have seen a deterioration in the position on earlier policy years contributing to the overall cost of claims. Overall, gross claims incurred have fallen from US$1,070.9m to US$804.1m, and net claims incurred have fallen from US$135.8m to US$119.3m.

Acquisition costs and administrative expenses have increased slightly from US$131.8m to US$134.3m, primarily as a result of the weakening of the US Dollar. Combined with the increase in earned premiums, the expense ratio has reduced from 14.9% to 14.3%. The combination of increases in premium, decrease in the claims cost, and the small increase in expenses results in an improvement in the combined ratio from 113.1% to 89.2%.

Total investment return, net of expenses and charges, was a gain of US$38.6m compared to a gain of US$31.1m in the prior year. The Group is invested predominantly in relatively short-duration fixed income securities, and the return in the year is in line with the expected yield from the portfolio at the start of the year. The Group recorded a gain on foreign exchange of US$13.3m (2025: loss of US$5.3m).

Overall, the Group recorded a surplus after tax of US$64.9m compared to a surplus after tax of US$0.6m in the prior year.

The total accumulated surplus attributable to Members has increased from US$465.3m at 20 February 2025 to US$531.7m at 20 February 2026. The increase is a result of the surplus recorded above, combined with a positive movement on the Group's defined benefit pension obligation valuation recorded in other comprehensive income.

Principal risks and uncertainties

Insurance and financial risks as set out in note 3 to the financial statements could materialise and prevent the Group from achieving its strategic objectives. Additional, potential threats to achieving our strategic objectives from the current environment in which the Group operates have been identified in relation to the rise of economic protectionism, political unrest, tax legislation and climate change. More information on climate change is included in the Non-financial and Sustainability Information Statement section of this Strategic Report.

Economic protectionism

There has been a trend towards increasing protectionism adopted by a number of governments evident during the year. Whilst the long-term implications of such policies continue to emerge, in the short-term it seems likely that one outcome will be a slowdown in global economic growth based on a reduction in the volume of international trade.

NorthStandard underwrites primarily P&I insurance for commercial ocean-going shipping, where the health of the sector generally tracks global economic activity. A reduction in economic activity is likely to result in reduced claims activity, which is favourable, but a prolonged period of recessionary economic activity would adversely affect our strategic goal to grow premium income, and may reduce the ability of our Members and policyholders to meet their payment obligations to the Group.

The investment strategy employed by the Group is to invest in highly liquid, short-term Government and investment grade corporate bonds matched by currency and duration to our claim obligations. We have not seen significant volatility in the valuation of the Group's financial investments as a result of increasing economic protectionism to date, or in the valuation of the Group's defined benefit pension obligations.

Political unrest

The risk associated with political unrest and associated conflict or potential for conflict is generally elevated. The direct financial impact on NorthStandard has thus far been immaterial, with the principal impact to date being operationally, where our teams have been working with our Members and clients to help them navigate the consequences for their businesses.

The Group has limited exposure to war risks through its mutual P&I business. The Group's primary P&I product excludes cover for war risks and, as only P&I risks are shared through the International Group pooling arrangements, the Group does not have exposure to war risks underwritten by other International Group Clubs through the pooling mechanism. The Group offers a supplementary mutual war liability risks product for those risks excluded from P&I policies; however, this cover is purchased by a relatively small proportion of Members and is fully reinsured (US$nil net claims retention).

STRATEGIC REPORT (CONTINUED)

The longer-term financial consequences of the current environment are less certain, given the indefinite timescales and broad range of potential outcomes. A prolonged period of political unrest and conflict or potential for conflict is likely to contribute to investment market volatility and may have an impact on the levels of global economic activity. A reduction in global economic activity would likely result in reduced claims activity, but would also adversely affect our strategy to grow premium income.

Tax legislation

The Organisation for Economic Cooperation and Development (OECD) Pillar Two (Pillar Two) framework is designed to limit tax competition between countries by ensuring that large multinational groups pay a minimum level of tax on the profits arising in each jurisdiction in which they operate.

The framework has been implemented in the UK, where the Group is headquartered, through the Finance (No.2) Act 2023, and has come into effect for the Group for the year ending 20 February 2026. Pillar Two income taxes are treated as current taxes when they arise. The Group has applied the temporary exemption in FRS 102 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The Group may be exposed to Pillar Two top-up taxes in certain jurisdictions in which it operates. However, the Group is still in the process of assessing the detailed application of the rules, including the availability of transitional safe harbours and the interaction with domestic minimum taxes and the potential impact on the Group's effective tax rate and cash tax position. As a result, the Group is currently unable to reliably estimate the quantitative impact of Pillar Two income taxes.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of NorthStandard, both individually and collectively, consider that they have acted in good faith, and in the way that would be most likely to promote the success of the Group for the benefit of its Members, in the decisions taken during the year ended 20 February 2026.

The business plan approved by the Board during the year covers a five-year period and is designed to pursue the strategic goals of the Group for the benefit of all Members. In approving the business plan the long-term consequences of decisions are explicitly considered by the Directors.

The Board, operating through its Nominations & Remuneration Committee, have pursued employee engagement, and have established links between progressing towards the Group's strategic goals and a proportion of the annual bonus scheme reward that all Group staff participate in.

The Board also require the Group to foster its business relationships with suppliers, customers and others as necessary to be a leader in all our key service and product areas, and encourage the Group's employees to participate in community and environmental initiatives. The Members Board provides a forum for Members to play an enhanced role in the governance of the Group as described in the Directors' report.

As a member of the IG, NorthStandard is represented in various subcommittees and working groups, and collaborates with other IG clubs across a range of industry issues for the benefit of members generally.

NorthStandard is committed to conducting its business affairs in a fair, proper and ethical manner, and in compliance with all applicable laws, regulations and professional standards. The Board ensures that corporate values, including the NorthStandard Principles, are communicated to all staff to ensure that their work on behalf of NorthStandard is carried out in the right way. The Board, including through the Group Risk Committee, formally consider policies on whistleblowing, money laundering, bribery, modern slavery and other policies and procedures designed to ensure the Group maintains high standards of business conduct on an annual basis.

The Board are committed to treating Members and all stakeholders fairly, as well as keeping under review the quality of service that NorthStandard provides.

STRATEGIC REPORT (CONTINUED)

Non-financial and Sustainability Information Statement

Business model

The marine environment and its commercial operations are in constant motion, presenting many opportunities and challenges for shipowners, managers and charterers worldwide. Regulation, technology, climate and political unrest all have potentially far-reaching implications on our Members' operations – at sea and onshore.

To navigate these opportunities and challenges, NorthStandard, one of the largest P&I clubs in the IG, is here to support Members as a dynamic leader and trusted partner. NorthStandard has global reach, offering an unmatched breadth and depth of service that supports our Members' operations, embraces their potential and helps their business thrive.

The success of our Member's business is at the heart of everything we do. Our approach to underwriting, claims and loss prevention is built on an unwavering commitment to transparency, flexibility, expertise and speedy resolution. Our people, with years of expertise in maritime operations, also offer invaluable insight to mitigate losses and reduce costs.

Non-financial KPIs

The Board has established non-financial KPIs as set out in the table below. The Board has continued to develop KPIs in the current year, including newly adopting some KPIs at its February 2025 meeting. Some KPIs have therefore not been measured yet, but will be reported on going forward from the periods in which they were adopted, and some do not have a meaningful comparator in the prior year.

	2026	**2025**
Member Survey Net Promoter Score	+62	+70
Employee Survey Engagement Score	74%	69%
Improvement in female representation at leadership level	+0.5%	New KPI
Promotion of Members' interests at key forums	Achieved (Qualitative assessment)	Qualitative assessment
Innovation drives at least 5 meaningful developments each year	Achieved	Achieved
Establish our baseline carbon emissions and roadmap to net zero	Achieved	New KPI
Establish share of alternative fuelled vessels and future target share	Achieved	New KPI

The Board has also established KPIs in relation to the target share of the world fleet to which the Group provides P&I mutual cover and Member retention rates, which are not disclosed in the financial statements as they are commercially sensitive. There are also KPIs established in relation to the digital evolution of the Group, including investments in systems modernisation, the technology sourcing strategy and launch of a consolidated member and broker portal.

Sustainability and environmental matters

Sustainability is strategically important to NorthStandard and to the long-term resilience of the maritime sector. The Directors see it as an important driver of long-term success and financial resilience, helping NorthStandard to respond to changing expectations, manage emerging risks and opportunities, and support progress across the industry.

During the year, in line with best practice, we completed a Double Materiality Assessment which gave us a clearer understanding of the sustainability topics most relevant to our business and stakeholders. This helped us streamline our sustainability framework into three clear pillars, making it easier to organise our activity, communicate our priorities and explain how sustainability links to our strategy and day-to-day operations. Further information can be found in our Sustainability Report.

We further formalised our approach through an enhanced sustainability governance structure, including establishing a new internal Sustainability Committee to provide stronger oversight and a more consistent basis for decision-making, delivery and reporting. This resulted in a focused and practical framework for how NorthStandard approaches sustainability, helping us support our Members and contribute to a more resilient and sustainable maritime sector. NorthStandard is committed to a range of policies and risk appetite statements that underpin our approach and help ensure clear expectations, consistent decision-making and accountability across the business.

STRATEGIC REPORT (CONTINUED)

Non-financial and Sustainability Information Statement (continued)

NorthStandard's sustainability framework is divided into three pillars:

1. **Partner for progress**

Supporting sustainable progress across the maritime industry is central to how we create long-term value. Our partner for progress pillar focuses on working collaboratively with NorthStandard's Members, partners and the wider maritime sector to share insight, provide practical support and help chart a course towards a more resilient and sustainable future.

Decarbonisation remains one of the most complex challenges facing the maritime industry. Evolving regulation, emerging technologies and increasing stakeholder expectations continue to reshape how ships are operated. While the IMO approved draft net-zero regulations in 2025, these haven't yet been formally adopted, and the timing and details of the framework's implementation are still uncertain. Meanwhile, regional measures such as EU ETS and FuelEU Maritime are already changing the operating environment for many shipowners and operators.

As a mutual P&I insurer, our role is to support a safe and inclusive energy transition. We recognise different Members will progress at different speeds, depending on their fleets and operating models. We take a fuel-agnostic approach and focus on helping Members understand evolving requirements, manage new operational and liability risks, and maintain access to insurance cover as the industry changes. A core focus is supporting vessels transitioning to alternative fuels and more energy-efficient technologies. These assets can involve greater complexity, particularly in the early stages of adoption, including new safety considerations, crew competence needs, infrastructure dependencies and evolving liability profiles. Our role is to give Members the confidence, insight and support needed to manage these changes safely and commercially.

A safe, transparent and sustainable maritime industry depends on effective governance. Global shipping operates across diverse regulatory regimes and increasingly complex geopolitical environments, so collective action and shared standards are essential to managing systemic risks. We play an active role in strengthening industry-level governance. We work alongside Members, peers, policymakers, and industry bodies to help improve standards, reduce corruption risks, and support responsible conduct across the global maritime ecosystem.

2. **Champion Community**

Investing in our people and the communities we serve is vital in protecting our shared future. Our champion community pillar focuses on creating positive social impact both inside and outside our business.

The exceptional service we provide to our Members is firmly anchored in the expertise and dedication of our team. Our colleagues represent some of the maritime industry's most talented minds, combining years of experience with deep technical knowledge and understanding of our members' needs. This foundation enables us to consistently innovate and deliver value, ensuring our solutions meet the unique challenges our Members face. Our people are the foundation of our business and NorthStandard recognise that supporting them is crucial. There are a number of key policies supporting our employees such as: Diversity & Inclusion, Flexible Working, Health & Safety and Family Leave policies.

Seafarers are key to safe and sustainable maritime operations, but often work in demanding conditions and face heightened physical, mental and social pressures. Industry insights continue to highlight the importance of supporting seafarer health, safety and wellbeing as a foundation for safer operations and more resilient shipping. Our approach focuses on prevention, early intervention and practical support. It combines enhanced medical examinations, wellbeing resources, loss prevention guidance and collaboration with maritime welfare organisations. Our Loss Prevention team also works closely with Claims colleagues, using insights from crew-related incidents to create preventative health and wellbeing initiatives for Members.

Our approach to community impact is built on long-term partnerships, practical support, and our people's active involvement. Through our CSR programme, we focus on creating meaningful, lasting change in the communities we serve. We combine charitable giving, employee volunteering, and colleague-led initiatives, balancing global consistency with local flexibility. Our regional CSR teams play an important role in identifying local needs, building relationships with community partners, and delivering activities that create tangible social value.

Non-financial and Sustainability Information Statement (continued)

3. Operate Responsibly

Responsible operations underpin the trust placed in us by our Members and stakeholders. Our operate responsibly pillar focuses on maintaining strong governance, making informed decisions and taking action to manage our environmental impacts while supporting the long-term resilience of our business and the maritime sector.

We recognise the importance of understanding and managing the environmental impacts associated with our operations. While our business has a relatively limited direct environmental footprint compared with many industries, we remain committed to reducing our operational emissions and supporting the broader maritime decarbonisation journey. Our approach focuses on measuring our greenhouse gas (GHG) emissions, identifying opportunities to reduce our impacts, and embedding environmental awareness and behavioural change across the business. Further details on the actions we have taken to reduce impacts are available in the Sustainability Report.

To monitor and address climate risks and their financial impact on us, we have adopted a crosscutting approach to climate change by incorporating climate related risks within our risk management framework. Climate related risks have been incorporated into our risk registers and their potential financial implications are monitored by risk owners across our business which include representatives from our leadership, geographic and specialty sectors, and enabling functions. Risk reporting is undertaken on a quarterly basis and considered by the Risk Committee and Board of Directors, enabling the financial risks of climate change to be continuously monitored and associated mitigating controls to be reassessed. Climate related risks are also considered within our annual own risk and solvency assessment report and stress testing programme to ensure these risks are factored into our overall risk assessments.

We have also introduced an annual dashboard for our Risk Committee, covering our risk owners' views of the potential short (0-5 years), medium (5-10 years) and long-term (10 years +) financial risks and opportunities associated with climate change. We believe this report supports the embedding of climate related risk management within our governance and risk management frameworks, and will help to ensure our risk appetites are aligned to our sustainability strategy. The process acknowledges that there is greater uncertainty associated with our assessment of the risks and opportunities of climate change the further into the future we look.

NorthStandard completed a Climate Change Risk Materiality Assessment in October 2025 to evaluate how climate-related physical and transition risks could affect the Group over the short, medium and long term, using a baseline scenario aligned to a gradual transition to net zero consistent with the IMO's 2050 ambition. The assessment concluded that climate risk is not currently material for the Group, with no significant climate-related claims experience to date and the existing reinsurance programme providing strong protection against severe weather impacts in the near term; however, uncertainty increases over longer time horizons as more frequent and severe weather could disrupt shipping routes and ports, and may also affect the availability, cost and credit quality of reinsurance capacity.

Transition risks were assessed across investment, regulation and policy, economic transition, technology change, market dynamics and counterparty exposures. These are not expected to be material in the short term given the Group's investment profile and existing risk management, but could become more significant as regulation tightens, trade patterns and cargo mixes evolve including a potential decline in fossil-fuel related trade, and new vessel fuels and technologies introduce novel operational and liability risks. The assessment is reviewed through the Group's governance framework including the Group Risk Committee, and supports ongoing integration of climate considerations into underwriting, investment and enterprise risk management, while identifying opportunities to develop products and services that help Members manage emerging climate-related risks.

Digitalisation and artificial intelligence (AI) are reshaping how we deliver value to our Members. By modernising systems and adopting new technologies, we aim to enhance service quality, improve operational efficiency and provide faster, more accurate support. NorthStandard's approach to AI adoption is rooted in safe, ethical and human-centred use. We promote AI literacy across the organisation so that colleagues understand both the capabilities and limitations of these technologies, including potential risks such as bias, misuse and data privacy concerns. Training is mandatory for colleagues who wish to use our internal AI tools, and must be completed through our learning platform before access is granted. Internal policy requires colleagues to use only approved tools, validate AI-generated outputs and avoid entering confidential or personal information into external systems.

STRATEGIC REPORT (CONTINUED)

Non-financial and Sustainability Information Statement (continued)

Digital transformation introduces new risks. Cyber incidents have the potential to disrupt service provision to Members and cause financial and reputational damage. To address these risks, we have established an enterprise resilience function to strengthen our capabilities. We also undertake an annual self-assessment, which evaluates our ability to identify, prepare for, respond to and recover from operational disruptions. This ensures that NorthStandard's important business services can continue to operate within agreed impact tolerances, while supporting continuous improvement based on lessons learned.

Respect for human rights

NorthStandard has a zero-tolerance policy to slavery and human trafficking and are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. We recognise the importance of acting ethically and lawfully in all our business relationships and implementing and enforcing effective systems and controls to ensure that activity such as slavery and human trafficking is not taking place anywhere in our supply chains.

NorthStandard does not act as a producer, manufacturer, or retailer of physical goods and as such believes that there is a low risk of slavery and human trafficking occurring in our supply chains. Our key suppliers are those that support our insurance underwriting, claims handling and loss prevention activities, in particular reinsurers, suppliers of IT equipment and services and professional service firms such as brokers, loss adjusters, correspondents, surveyors, lawyers, accountants and actuaries.

Key policies include: Modern Slavery & Human Trafficking Statement, Health & Safety policy, Procurement Policy and the Company Code of Conduct.

Anti-corruption and anti-bribery matters

NorthStandard is committed to maintaining the highest possible ethical standards in all of its business activities. As a global operator, NorthStandard recognises that bribery and corruption are a growing concern in corporate and public life in many countries around the world.

The Board of Directors has overall responsibility for the general design, implementation, operation and review of the Anti-Bribery policy and for ensuring that NorthStandard has adequate systems in place to prevent bribery and corruption.

Key policies include: Fit & Proper policy, Anti-Bribery policy, Code of Conduct and Whistleblowing policy.

STRATEGIC REPORT (CONTINUED)

Non-financial and Sustainability Information Statement (continued)

Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency Action

NorthStandard have committed to 'net zero' carbon emissions by latest 2030. This commitment covers emissions as a result of directly burning fossil fuels in our buildings for air conditioning, lighting, powering our equipment, and the use of company vehicles. It also includes Scope 2 emissions that we cause indirectly by purchasing energy to run our operations, and some Scope 3 emissions, for example business travelling and commuting. Net zero means reducing our carbon footprint as much as possible before offsetting the rest.

Emissions have been recorded and reported in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate Government emission conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with Streamlined Energy and Carbon Reporting ("SECR") requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

	Year ended February 2026	Year ended February 2025	Unit
UK office electricity consumption	1,117,705	563,442	kWh
UK office gas consumption	88,307	62,303	kWh
Scope 1 emissions	67.3	39.8	tCO2e
Scope 2 emissions	197.8	116.7	tCO2e
Scope 3 emissions	6,032.6	3,040.5	tCO2e
Intensity ratio – total emissions per FTE	11.5	6.3	tCO2e/FTE

Performance

Electricity consumption and associated Scope 2 emissions increased year-on-year, reflecting removal of gas heating and changes in operational activity following Newcastle office refurbishment and portfolio changes with the full year of ownership of the London Monument Street building now reflected.

Gas consumption and associated Scope 1 increased in the reporting year. This reflects the estimation methodology changes for the Minster Building. The removal of gas systems at the Newcastle and London Monument Street offices is expected to reduce gas-related emissions in future reporting periods, particularly following transition of the London office from Minster Building.

On-site solar PV generation at the Newcastle office provided 88,307 kWh of electricity, continuing to support reduced grid electricity demand.

Scope 3 emissions increased year-on-year to 6,032.63 tCO_2e, reflecting improved data completeness, and increased activity across categories such as purchased goods and services (linked to planning works undertaken for the new London office), as well as business travel, employee commuting and leased assets.

This submission adheres to the 2019 HM Government Environmental Reporting Guidelines for emissions calculations. Additionally, the Greenhouse Gas (GHG) Reporting Protocol – Corporate Standard has been applied, using the UK Government's 2024 Conversion Factors for Company Reporting. Other sources of conversion factors used in compiling this SECR return are:

- DEFRA spend (£) Factors for Scope 3 foot printing
- University of Cambridge

STRATEGIC REPORT (CONTINUED)

Non-financial and Sustainability Information Statement (continued)

Ongoing monitoring and proactive management of our key emissions drivers remain a priority as we strengthen our emissions accounting methodologies and develop a credible, science-based pathway to Net Zero.

Further details on the actions we have taken to reduce impacts are available in the Sustainability Report.

The Strategic Report was approved on behalf of the Board of Directors on 21 May 2026.

PA Jennings	**J Grose**
Managing Director	Managing Director
21 May 2026	21 May 2026

REPORT OF THE DIRECTORS

Group information

For the year ended 20 February 2026 the Group comprised NorthStandard Limited ('NorthStandard' or 'the Company') and its subsidiaries. The Company is headquartered in the United Kingdom, and has also established branches in Australia, New Zealand, Hong Kong, Singapore and Japan.

Membership

NorthStandard is owned by its shipowner and charterer Members who are the policyholders of the Mutual cover policies.

Directors and Company Secretary

The Directors and Company Secretary of NorthStandard are shown on page 3.

NorthStandard maintains insurance policies on behalf of all the Directors against liability arising from negligence, breach of duty and breach of trust in relation to NorthStandard.

Employee engagement

The Group has a number of arrangements designed to provide employees with information and to gather the views of employees so that their views can be taken into account when decisions are taken which are likely to affect their interest.

The Group undertakes an annual all employee engagement survey which provides a forum for employees across the business to be consulted by, and to raise any employee concerns with, senior management. Regular employee newsletters, a twice annual all-employee presentation, and more regular informal briefings and presentations all contribute to ensuring that the employees are aware of the financial and economic factors affecting the Group and our Members.

The involvement of employees in the performance of the business is encouraged as part of the annual bonus arrangements, overseen by the Group Nominations & Remuneration Committee, is linked to the achievement of strategic KPIs, with this link clearly communicated to employees.

Engagement with other stakeholders

The Group is a mutual organisation run on behalf of our Members. The engagement of the Group with these stakeholders is broad and frequent through the day-to-day activities necessary to run the business. More formally, the Members Board provides a forum through which Members can play an enhanced role in the governance of the Group and ensure that their views and needs can be taken into account in the decisions taken by the Group during the year.

The Group coordinates regular engagement with brokers and reinsurers through its underwriters and reinsurance department respectively. There are several industry events each year which bring senior managers together with the leaders of key broking firms, and a dedicated reinsurance department to build long-term relationships with our reinsurers.

NorthStandard has transparent communication with its regulators, facilitated principally by the Risk and Compliance department, but also through ongoing engagement with senior management and Member-facing employees. Any significant regulatory engagements are reported to the Board of Directors.

Donations

NorthStandard made no political donations during the year (2025 – None).

REPORT OF THE DIRECTORS (CONTINUED)

Directors' Responsibilities
The Directors are responsible for preparing the Strategic Report, Directors' Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance contracts" issued by the Financial Reporting Council). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 and FRS 103, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Disclosure of Information to Auditors
Each person who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware;
- they have taken all the steps that ought to have been taken in order to make themself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going Concern
NorthStandard's business activities are set out in the Strategic Report. The financial position of NorthStandard, its cash flows, liquidity position and borrowing facilities are described in the financial statements. In addition, Note 3 to the financial statements includes NorthStandard's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk.

NorthStandard produces a detailed Own Risk and Solvency Assessment ("ORSA") document each year in line with the Group's ORSA Policy and the requirements of the PRA for a Solvency II regulated firm. The ORSA documents the activities undertaken by the Group during the year and provides an overview of the Group's strategy, the risks faced by the Group, and an assessment of its future solvency requirements as the Group's strategy is implemented. It also records the results of stress and reverse stress testing conducted on the business plans approved by the Board, including a consideration of divergence from expected underwriting, operational and investment performance. The most recent ORSA document for the Group was considered and approved by the Board in February 2026.

NorthStandard has a total accumulated surplus as at 20 February 2026 of US$528.9 million and as such the Directors consider NorthStandard to have suitable financial resources. Furthermore, NorthStandard is a mutual organisation and has the facility to raise additional capital via additional calls from its Members for open policy years should they be required. As a consequence, the Directors believe that NorthStandard is well placed to manage its business risks successfully.

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future (a period of at least twelve months from the date of approval of the financial statements). For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

REPORT OF THE DIRECTORS (CONTINUED)

Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency Action
NorthStandard has chosen to include the information in relation to greenhouse gas emissions, energy consumption and energy efficiency action required by Part 7A of Schedule 7 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the Strategic Report rather than the Directors' Report.

Likely future developments in the business of the company and its subsidiary undertakings
Following the merger at 20 February 2023, NorthStandard Limited continues with its plans to rationalise its group structure. Certain subsidiaries of the Groups are surplus to requirements, for example where their function is replicated in another Group entity, and therefore are being put into run-off or becoming dormant. This rationalisation will not have any material implications for the business of the company or for the Group as a whole, but will be a significant development for individual subsidiary undertakings in the Group.

No other significant developments in NorthStandard's business are expected in the medium term.

On behalf of the Board of Directors

PA Jennings	**J Grose**
Managing Director	Managing Director
21 May 2026	21 May 2026

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of NorthStandard Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 20 February 2026 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the Parent Company financial statements have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies **Act 2006.**

We have audited the financial statements of NorthStandard Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 20 February 2026 which comprise of the following:

Group	**Parent Company**
Consolidated income statement	Statement of financial position
Consolidated statement of financial position	Statement of changes in equity
Consolidated statement of changes in equity	Notes to the company financial statements
Consolidated statement of cash flows	
Notes to the consolidated financial statements	

The financial reporting framework that has been applied in the preparation of the Group and Parent financial statements is applicable law and United Kingdom Accounting Standards, including *Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK* and *Republic of Ireland* and *Financial Reporting Standard 103 Insurance Contracts* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs
(UK)) and applicable law. Our responsibilities under those standards are further described in the
Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the directors' going concern assessment and challenging the rationale for the material assumptions made.
- Testing of the accuracy of the Management's forecasting ability by comparing previous reporting periods' budgets to current year actuals.
- Reviewing the Directors' assessment of the regulatory solvency coverage and liquidity position in the forward-looking scenarios considered, which have been derived from the Company's Own Risk and Solvency Assessment ("ORSA").
- Considering information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict the Directors' assessment of going concern.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and the Parent Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2026	**2025**
Key audit matters	Valuation of claims Incurred But Not Reported ('IBNR') and volatility uplift	✓	✓
Materiality	*Group financial statements as a whole* $15.9m (2025: $13.96m) based on 3% (2025: 3%) of net assets.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. We identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the Group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the Group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

The Group consists of the Parent company and 17 subsidiaries (2025: 18 subsidiaries) which operate under a common control environment except for the Hydra and HMU components. For the purpose of our Group audit, we have combined certain legal entities into one component due to the commonality of these entities and have identified a total of 9 components. We have scoped in components that represent risks of material misstatements to the Group financial statements.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures and tests of operating effectiveness of controls.
- procedures on one or more classes of transactions, account balances or disclosures.
- analytical procedures for the inactive entities.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Procedures performed at the component level

We performed procedures to respond to Group risks of material misstatement at the component level that included the following.

Component	Component Name	Entity	Group Audit Scope
1	NorthStandard Limited	NorthStandard Limited	Statutory audit and procedures on the entire financial information of the component
2	NorthStandard EU DAC	NorthStandard EU DAC	Procedures on one or more classes of transactions, account balances or disclosures
3	NorthStandard Group Services	NorthStandard Group Services, NorthStandard Services Asia Pte Ltd, NorthStandard Marine Consultant (Shanghai) Ltd Co, NorthStandard Marine Consultants Korea Co., Ltd and NorthStandard (Americas) Inc.	Procedures on one or more classes of transactions, account balances or disclosures
4	Standard Club UK Ltd	Standard Club UK ltd	Statutory audit and procedures on the entire financial information of the component.
5	Standard Club Asia	Standard Club Asia Ltd	Procedures on one or more classes of transactions, account balances or disclosures
6	Hydra	Hydra Insurance Company - NorthStandard Cell and Hydra Insurance Company Central Cell	Procedures on one or more classes of transactions, account balances or disclosures
7	Standard Club Bermuda	Standard Club Limited Bermuda	Risk assessment analytical procedures
8	HMU	Harlock Murray Underwriting Limited and Harlock Murray LLC	Risk assessment analytical procedures
9	Inactive Standard Club Management companies	Standard Club Management Bermuda, Standard Club Management UK, Standard Club Management Europe, Standard Club Management (Asia) Limited	Risk assessment analytical procedures

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting, commonality of controls and similarity of the Group's activities and business lines. We therefore designed and performed procedures centrally for all components.

The Group operates a centralised IT function that supports IT processes for certain components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Locations

NorthStandard Limited's operation are spread over a number of different geographical locations with the group finance team based in the UK. Our work is primarily with the group finance team and this covers all the relevant components. In addition, our teams worked remotely, holding calls and video conferences with group components, and obtaining digital information directly from each component.

Changes from the prior year

During the period NorthStandard EU DAC merged with Standard Club Ireland DAC. The remaining assets and liabilities of Standard Club Ireland DAC were assumed by NorthStandard EU DAC and Standard Club Ireland DAC was dissolved without going into liquidation in accordance with Irish Law.

How Climate change affected the scope of our audit

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
  Carried out our own qualitative risk assessment on the impact of climate change on material balances in the financial statements.
  Review of the minutes of Board and Audit Committee meeting as to how the impact of the Group's commitment may affect the financial statements and our audit.

We challenged the extent to which climate risks and opportunities, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and in management's judgements and estimates in relation to valuation of IBNR and volatility uplift.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

The management disclosures form part of the Strategic Report. Our responsibilities in relation to these disclosures are described in the relevant section of this report and our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained from the audit or otherwise appear to be materially misstated.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit responded to the risk</th></tr>
<tr>
<td>Valuation of claims incurred but not reported ('IBNR') and volatility uplift

Refer to Note 1.11 (Revenue and expense recognition), Note 2 (Critical accounting estimates and judgements in applying accounting policies) and Note 6 (Technical provisions – claims outstanding).</td>
<td>The Group and Parent Company recorded claims outstanding of $2,136m (2025: $2,128m) and $1,052m (2025: $899m) as disclosed in Note 6 to the financial statements, which includes claims IBNR and volatility uplift.
Valuation of claims IBNR and volatility uplift is a key area of estimation within the financial statements.
These reserves are inherently uncertain and involve a significant degree of judgement as well as appropriateness of key actuarial assumptions, making them more susceptible to fraud or error than other financial statement balances.
The volatility uplift is based on managements assumptions and judgements.
A small error or manipulation of key actuarial assumptions could have a significant impact on the financial statements.
We therefore considered Valuation of claims incurred but not reported and Volatility uplift to be a Key Audit Matter.</td>
<td>As part of our audit procedures, we have performed the following in conjunction with our actuarial specialists:
Obtained an understanding of the relevant processes and controls in place to address the risk of inappropriate assumptions, methodology and data being used in valuing the claims incurred but not reported, including evaluating the design and implementation of relevant controls.
Assessed the consistency of the actuarial data used for projections by the Group's actuarial team with the data from the Group's finance team by reconciling reports and testing key data inputs for accuracy and completeness.
Performed independent re-projections of reserves for specific classes using claims and premium data and established a range of reasonable best estimates.
Performed a methodology and assumptions review on all other remaining classes of reserves.
Assessed the booked reserves against our range of reasonable best estimates.
For the Parent Company we assessed the appropriateness and consistency of the methodology used for the determination and allocation of the volatility uplift.
Key observations:
Based on the procedures performed we consider the valuation of claims IBNR and volatility uplift to be reasonable.</td>
</tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent company financial statements**	
	2026 $m	2025 $m	2026 $m	2025 $m
Materiality	15.87	13.96	10.89	10.53
Basis for determining materiality	3% of Net Assets	3% of Net Assets	3% of Net Assets	3% of Net Assets
Rationale for the benchmark applied	We believe users of the financial statements are focused on the capital strength of the Group/Company and net assets is the UK GAAP metric that is most closely aligned to this			
Performance materiality	11.90	10.50	8.17	7.90
Basis for determining performance materiality	75%	75%	75%	75%
Rationale for the percentage applied for performance materiality	In determining performance materiality, we considered factors such as our assessment of the Group's overall control environment, and expected total value of known and likely misstatements, based on past experience.			

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 55% and 90% (2025: 55% and 90%) of Group performance materiality dependent on a number of factors including and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from $4.76m to $10.71m (2025: $990k to $9,421k).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $793k (2025: $698k) and parent in excess of $544k (2025: $527k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the document entitled the Director's Report and Strategic Report and Financial Statements 2026 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Group and Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Group and Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the Group's and the Parent 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 Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Parent Company and management.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management, those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the Companies Act 2006, Financial Reporting Standards 102: The financial reporting standard applicable in the UK and Republic of Ireland, and Financial Reporting Standard 103: Insurance contracts.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the requirements of the Prudential Regulation Authority and the Financial Conduct Authority.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of the Group regulatory solvency requirements;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Enquired with compliance and internal audit departments about knowledge of any non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance, Audit Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of claims IBNR and volatility uplift and management override of controls.

Our procedures in respect of the above included:

- Assessing significant estimates, judgements and assumptions made by management for bias in the valuation of IBNR and volatility uplift included in technical provisions by performing the procedures set out in the key audit matters section of our report, and
- Testing a sample of journal entries throughout the year, which met a defined risk criteria and a random selection of non-risky journals, by agreeing to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including component auditors, who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component auditors, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address
We were appointed by the Board of Directors on 21 September 2022 to audit the financial statements for the period ended 20 February 2023 and subsequent financial periods.

Our total uninterrupted period of engagement is 4 years, covering the periods ended 20 February 2023 to 20 February 2026.

Our audit opinion is consistent with the additional report to the audit committee.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Reed (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 29 May 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**Note**	**2026 US$m**	**2025 US$m**
Assets			
Investments			
Land & Buildings	4	39.7	37.1
Other financial investments	5	542.6	530.3
Total investments		**582.3**	**567.4**
Reinsurers' share of technical provisions			
Claims outstanding	6	1,873.4	1,854.7
Provision for unearned premiums	6	33.1	33.7
Reinsurers' share of technical provisions		**1,906.5**	**1,888.4**
Debtors			
Debtors arising out of direct insurance operations	7	174.6	142.5
Debtors arising out of reinsurance operations	7	21.9	53.1
Other debtors	7	12.3	15.1
Total debtors		**208.8**	**210.7**
Other assets			
Tangible assets	8	3.0	4.2
Cash at bank and in hand	9	264.5	215.3
Retirement benefit asset	11	9.5	3.1
Other assets		0.1	3.0
Total other assets		**277.1**	**225.6**
Prepayments and accrued income			
Deferred acquisition costs	10	17.7	16.1
Other prepayments and accrued income	10	16.0	22.1
Total prepayments and accrued income		**33.7**	**38.2**
Total assets		**3,008.4**	**2,930.3**
Capital & Reserves			
Revaluation reserve		1.8	1.8
Profit and loss account		529.9	463.5
Total capital & reserves		**531.7**	**465.3**
Liabilities			
Technical provisions			
Provision for unearned premiums	6	89.5	78.6
Claims outstanding	6	2,135.6	2,127.9
Total technical provisions		**2,225.1**	**2,206.5**
Creditors			
Creditors arising out of direct insurance operations	12	109.0	73.7
Creditors arising out of reinsurance operations	12	103.5	135.7
Other creditors including taxation and social security	12	11.5	13.4
Total creditors		**224.0**	**222.8**
Accruals and deferred income		27.6	35.7
Total liabilities		**2,476.7**	**2,465.0**
Total capital & reserves and liabilities		**3,008.4**	**2,930.3**

NorthStandard Limited
20 February 2026

The notes on pages 32 to 60 form part of these financial statements which were approved by the Board on 21 May 2026.

PA Jennings
Managing Director

J Grose
Managing Director

Company number: 505456

CONSOLIDATED INCOME STATEMENT		**2026 US$m**	**2025 US$m**
Technical account – General business	**Note**		
Earned premiums, net of reinsurance			
Gross premiums written		949.0	897.7
Outward reinsurance premiums		(718.8)	(710.3)
Net written premiums		**230.2**	**187.4**
Change in the gross provision for unearned premiums		(10.8)	(12.0)
Change in the provision for unearned premiums, reinsurers' share		(0.6)	3.0
Net change in unearned premiums		**(11.4)**	**(9.0)**
Earned premiums, net of reinsurance		**218.8**	**178.4**
Total technical income		**218.8**	**178.4**
Claims incurred, net of reinsurance			
Gross claims paid		(802.8)	(651.4)
Reinsurer's share		669.2	549.2
Net claims paid		**(133.6)**	**(102.2)**
Change in provision for gross claims		(1.3)	(419.5)
Reinsurer's share		15.6	385.9
Net change in the provision for claims		**14.3**	**(33.6)**
Claims incurred, net of reinsurance		**(119.3)**	**(135.8)**
Net operating expenses			
Acquisition costs		(71.4)	(57.1)
Administrative expenses	13	(62.9)	(74.7)
Reinsurance commissions		58.5	65.9
Net operating expenses		**(75.8)**	**(65.9)**
Total technical charges		**(195.1)**	**(201.7)**
Balance on the technical account for general business		**23.7**	**(23.3)**
Non-technical account			
Balance on the technical account for general business		**23.7**	**(23.3)**
Investment return net of expenses and charges	14	38.6	31.1
Other income	15	15.7	1.8
Other charges	16	(0.4)	(5.7)
Profit on ordinary activities before tax		**77.6**	**3.9**
Tax on ordinary activities	17	(12.7)	(3.3)
Profit on ordinary activities after tax		**64.9**	**0.6**
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Profit for the financial year		64.9	0.6
Other Comprehensive Income:			
Actuarial gains on defined benefit pension scheme	11	1.5	3.2
Revaluation of land and building		-	-
Total comprehensive income for the year		**66.4**	**3.8**

The notes on pages 32 to 60 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Profit & Loss Account US$m	Revaluation Reserve US$m	Total attributable to Members US$m	Accumulated Surplus US$m
At 20 February 2025	**463.5**	**1.8**	**465.3**	**465.3**
Profit for the year	64.9	-	64.9	64.9
Other comprehensive income	1.5	-	1.5	1.5
Total comprehensive income for the year	**66.4**	**-**	**66.4**	**66.4**
At 20 February 2026	**529.9**	**1.8**	**531.7**	**531.7**
At 20 February 2024	459.7	1.8	461.5	461.5
Profit for the year	0.6	-	0.6	0.6
Other comprehensive income	3.2	-	3.2	3.2
Total comprehensive income for the year	**3.8**	**-**	**3.8**	**3.8**
At 20 February 2025	**463.5**	**1.8**	**465.3**	**465.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2026 US$m	2025 US$m
Operating Activities			
Cash generated from / (absorbed by) operating activities	18	60.5	(7.1)
Tax paid		(6.0)	(5.4)
Net cash generated from operating activities		**54.5**	**(12.5)**
Cash Flows used in Investing Activities			
Purchases of property, plant and equipment	4,8	(5.3)	(25.9)
Net cash used by investing activities		**(5.3)**	**(25.9)**
Net increase / (decrease) in cash and cash equivalents		**49.2**	**(38.4)**
Foreign exchange		-	-
Cash and cash equivalents at beginning of year		215.3	253.7
Cash and cash equivalents at end of year	9	**264.5**	**215.3**

The notes on pages 32 to 60 form part of these financial statements.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2026 US$m	2025 US$m
Assets			
Investments			
Land & Buildings	4	3.1	3.2
Investment in group undertakings	21	114.5	114.2
Other financial investments	5	74.3	69.7
Total investments		**191.9**	**187.1**
Reinsurers' share of technical provisions			
Claims outstanding	6	1,022.9	885.4
Provision for unearned premiums	6	28.4	29.4
Reinsurers' share of technical provisions		**1,051.3**	**914.8**
Debtors			
Debtors arising out of direct insurance operations	7	108.9	70.0
Debtors arising out of reinsurance operations	7	23.0	35.7
Other debtors	7	120.7	118.4
Total debtors		**252.6**	**224.1**
Other assets			
Cash at bank and in hand	9	127.1	114.9
Retirement benefit asset	11	9.5	3.1
Total other assets		**136.6**	**118.0**
Prepayments and accrued income			
Deferred acquisition costs	10	12.0	8.7
Other prepayments and accrued income	10	0.5	5.7
Total prepayments and accrued income		**12.5**	**14.4**
Total assets		**1,644.9**	**1,458.4**
Capital & Reserves			
Revaluation reserve		1.2	1.2
Profit and loss account		361.6	349.8
Total capital & reserves		**362.8**	**351.0**
Liabilities			
Technical provisions			
Provision for unearned premiums	6	64.5	50.3
Claims outstanding	6	1,052.4	898.9
Total technical provisions		**1,116.9**	**949.2**
Creditors			
Creditors arising out of direct insurance operations	12	46.8	41.3
Creditors arising out of reinsurance operations	12	92.8	61.0
Other creditors including taxation and social security	12	22.4	52.3
Total creditors		**162.0**	**154.6**
Accruals and deferred income		3.2	3.6
Total liabilities		**1,282.1**	**1,107.4**
Total capital & reserves and liabilities		**1,644.9**	**1,458.4**

NorthStandard Limited
20 February 2026

In accordance with section 408 of The Companies Act 2006, the parent Company income statement and related notes have not been presented separately. The profit dealt with in the income statement of the parent Company was US$11.8 million (2025 – profit of US$53.5 million).

The notes on pages 32 to 60 form part of these financial statements which were approved by the Board on 21 May 2026.

PA Jennings
Managing Director

J Grose
Managing Director

Company number: 505456

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Attributable to Members		
	Profit & Loss Account	**Revaluation Reserve**	**Accumulated Surplus**
	US$m	**US$m**	**US$m**
At 20 February 2025	**349.8**	**1.2**	**351.0**
Profit for the year	10.3	-	10.3
Other comprehensive income for the year	1.5	-	1.5
Total comprehensive income for the year	11.8	-	11.8
At 20 February 2026	**361.6**	**1.2**	**362.8**
At 20 February 2024	**296.3**	**1.2**	**297.5**
Profit for the year	50.3	-	50.3
Other comprehensive income for the year	3.2	-	3.2
Total comprehensive income for the year	53.5	-	53.5
At 20 February 2025	**349.8**	**1.2**	**351.0**

The notes on pages 32 to 60 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the consolidated and Company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These consolidated financial statements have been prepared in compliance with applicable accounting standards in the United Kingdom ('UK GAAP') including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland* ('FRS 102'), Financial Reporting Standard 103 *Insurance Contracts* ('FRS 103'), and the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies.

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of land and buildings and financial instruments. The consolidated financial statements are presented in US Dollars (US$) rounded to the nearest US$0.1 million, unless otherwise stated.

In accordance with section 408 of The Companies Act 2006, the parent Company income statement and related notes have not been presented separately. The profit dealt with in the income statement of the parent Company was US$11.8 million (2025 – profit of US$53.5 million).

The preparation of financial statements in conformity with UK GAAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.

Going concern

NorthStandard produces a detailed Own Risk and Solvency Assessment ("ORSA") document each year in line with the Group's ORSA Policy and the requirements of the PRA for a Solvency II regulated firm. The ORSA documents the activities undertaken by the Group during the year and provides an overview of the strategy, the risks faced, and an assessment of the future solvency requirements as the strategy is implemented. It also records the results of stress and reverse stress testing conducted on the business plans approved by the Board including a consideration of divergence from expected underwriting, operational and investment performance and what the directors consider to be reasonably possible severe downside scenarios. The most recent ORSA document for the Group was considered and approved by the Board in February 2026.

NorthStandard has a total accumulated surplus as at 20 February 2026 of US$528.9 million (2025: US$465.3million) and as a mutual organisation has the facility to raise additional capital via additional calls from its Members for open policy years should they be required. The Directors consider that NorthStandard is well placed to manage its business risks successfully.

The Group complies with the PRA capital requirements of a Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR). In addition, in calculating the coverage of the SCR and MCR, the Group has approval from the PRA to recognise Ancillary Own Funds arising from the ability to make an additional call on members.

The Directors are satisfied that based on the reasonably possible downside scenarios, and after considering the level of capital resources available to the Group, it will be able to meet its obligations to Members, policyholders and others for the foreseeable future, being at least twelve months from the date of approval of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.2 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Group. Control is defined in note 1.3 below.

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value plus any costs directly attributable to the business combination.

The Group initially recognises goodwill at the acquisition date measured as the difference between the cost of the acquisition and the net amount of identifiable assets and liabilities acquired. Goodwill arising on a business combination, positive or negative, is amortised over its useful economic life. After initial recognition, goodwill is measured at cost less accumulated amortisation and any accumulated impairment losses.

1.3 Consolidation

The consolidated financial statements incorporate the assets, liabilities, results and cash flows of NorthStandard and its subsidiaries made up to 20 February each year. The results of subsidiaries acquired or sold during the period are included in the consolidated results from the date of acquisition or up to the date of disposal.

Control is achieved when the Group has the power to govern the financial and operating policies of an entity or business so as to obtain benefits from those activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by NorthStandard. Intra-group balances and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

In the Company's financial statements, financial investments in Group undertakings are stated at cost and are reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired.

1.4 Foreign currency translation

NorthStandard's consolidated financial statements are presented in US Dollars which is also NorthStandard's functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the income statement.

Translation differences on monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are translated using the foreign exchange rate ruling at the date of transactions.

A Group entity whose functional currency is not US Dollars is a foreign operation. The income and expenses of foreign operations are translated into US Dollars at the exchange rate ruling at the date of the transactions where practical, otherwise an average rate for the year is used. The assets and liabilities of foreign operations are translated into US Dollars at the rate of exchange prevailing at the reporting date and the resulting exchange differences are recognised in other comprehensive income.

The principal rates of exchange relative to US Dollars used in preparing these financial statements are:

	Average to 20 February 2026	**Average to 20 February 2025**	**At 20 February 2026**	**At 20 February 2025**
Pound Sterling	1.3340	1.2737	1.3460	1.2583
Euro	1.1486	1.0749	1.1769	1.0421
Australian Dollar	0.6528	0.6545	0.7056	0.6341
New Zealand Dollar	0.5852	0.5974	0.5670	0.5701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.5 Intangible assets
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets not yet brought into use are assessed for impairment on an annual basis.

1.6 Property, plant and equipment
Land and buildings comprise the offices occupied by the Group. Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to NorthStandard and the cost of the item can be measured reliably. All other repairs and maintenance expenditure is charged to the income statement during the financial period in which it is incurred.

Increases in the carrying amount arising on revaluation of land and buildings are recorded in Other Comprehensive Income and credited to the revaluation reserve. Decreases are recognised in the income statement except to the extent that they offset an existing surplus on the same asset recognised in the revaluation reserve.

Depreciation on property, plant and equipment is calculated as follows:

Land	No depreciation charged.
Freehold buildings	2% per annum reducing balance method or 2% per annum straight line.
Computer Equipment	20% - 33.3% per annum straight line method.
Motor Vehicles	20% - 33.3% per annum reducing balance method.
Office Equipment and Fittings	10% - 33.3% per annum straight line method.
Leased property, plant and equipment	The shorter of the lease term or the above rate.

Residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

The carrying amount of an asset is written down immediately through the income statement to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

1.7 Financial instruments
The Group has opted to apply the provisions of Section 11 and Section 12 of FRS 102 in full in accounting for, and disclosing information in relation to, financial instruments.

Financial investments
The classification of NorthStandard's financial investments is determined at initial recognition. NorthStandard designates its financial investments as at fair value through profit or loss because they are managed, and their performance is evaluated, on a fair value basis. Financial investments are initially recognised at their fair value and subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of financial investments at fair value through profit or loss are included in the income statement in the period in which they arise.

Purchases and sales of investments are recognised on the trade date, the date on which NorthStandard commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and NorthStandard has also transferred substantially all risks and rewards of ownership. In the cash flow statement, purchases and sales of investments are recognised as operating cash flows.

Collective investment vehicles are valued by the fund administrator in line with the agreed valuation policy. The fund administrator values the assets and liabilities for the purposes of calculating the net asset value of each fund and for each class of shares issued by each fund as of each dealing day.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.7 Financial instruments (continued)

Derivatives
The Group holds derivative financial instruments to hedge its foreign currency exposure and to support the investment return. Derivatives are designated as fair value through profit or loss. Derivative financial instruments are measured at initial recognition, and subsequently, at fair value and changes in fair value are recognised in the income statement. Transaction costs incurred in buying and selling derivative financial instruments are recognised in the income statement when incurred. The fair value of a derivative financial instrument is determined by reference to published price quotations in an active market.

Debtors
Debtors, being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, are recorded at amortised cost. Debtors arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of Debtors.

1.8 Impairment of assets
NorthStandard assesses at each reporting date whether there is any objective evidence that an asset is impaired. Intangible assets not yet available for use are assessed for impairment each year whether or not there is any objective evidence of impairment. An asset is deemed to be impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the asset that can be reliably estimated.

Objective evidence that an asset or group of assets is impaired includes observable data that comes to the attention of NorthStandard about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow or carrying amount from an asset or group of assets since the initial recognition of those assets.

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

1.9 Cash and cash equivalents
Cash and cash equivalents in the balance sheet includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents also includes overdrawn bank accounts that form an integral part of the Group's cash management activities.

1.10 Provisions and contingent liabilities
A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event, which is likely to result in an outflow of resources and where a reliable estimate of the amount of the obligation can be made. Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reliably estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.11 Revenue and expense recognition

Premium

Premiums written consist of the total receivable for the whole period of cover provided by the contracts incepting during the accounting period, together with any premium adjustments relating to the current or prior accounting periods. For certain insurance contracts, such as certain Charterer covers written on a declaration basis, it is necessary to initially recognise premium based on estimates of ultimate premiums, which are adjusted as more information becomes available.

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

Acquisition costs

Acquisition costs comprise the expenses, both direct and indirect, of acquiring insurance policies written during the financial year. Acquisition costs which relate to a subsequent financial year are deferred and charged to the accounting periods in which the related premiums are earned. Deferred acquisition costs represent the proportion of acquisition costs incurred which corresponds to the proportion of gross premiums written which are unearned at the balance sheet date.

Reinsurance premiums and related commissions

Reinsurance premiums are charged to the income statement on an accrual basis, including a provision for the future expected costs of adjustments to the premium due under existing reinsurance policies. Related commissions are accounted for in the same accounting period as the premiums for the related direct insurance business. No claims bonuses and profit commissions are recognised when there is sufficient certainty that they will be received.

Unearned reinsurance premiums and related commissions are those proportions of reinsurance premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums and related commissions are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for loss occurring contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.11 Revenue and expense recognition (continued)

Claims, reinsurance recoveries, and related expenses

Claims paid are defined as those claims transactions settled up to the statement of financial position date including the internal and external claims settlement expenses allocated to those transactions. The reinsurers' share of claims paid represents recoveries received from reinsurance protections in the period plus recoveries receivable against claims paid that have not been received at the statement of financial position date, net of any provision for bad debt.

Claims reserves are estimated on an undiscounted basis. Claims reserves are made for known or anticipated liabilities under insurance contracts which have not been settled up to the statement of financial position date, including an allowance for the future costs of handling those claims. This is estimated based on past experience and current expectations of future cost levels. Recoveries under reinsurance policies purchased by NorthStandard are accrued so as to match the relevant gross claims and associated provisions and reserves upon which NorthStandard is entitled to make recoveries.

Although the claims reserves are considered to be reasonable, having regard to previous claims experience (including the use of certain statistically based projections), case by case reviews of notified losses and on the basis of information available at the date of determining the provision, the ultimate liabilities will vary as a result of subsequent information and events. This uncertainty is discussed further in note 2.

Interest

Interest comprises interest on cash deposits and interest-bearing securities and is recognised on an accrual basis.

Employee benefits

Salaries and other employee benefits, including holiday pay, are accounted for on an accrual basis. Payments to staff under the discretionary staff performance related bonus scheme are estimated and accounted for in the financial year for which they are earned.

Retirement benefit schemes

NorthStandard is the sponsoring employer for two pension schemes providing benefits based upon final pensionable salary, known as defined benefit schemes. The assets of the schemes are held separately from those of NorthStandard. The NorthStandard defined benefit scheme was closed to new members on 31 March 2006 and closed to future accrual on 31 January 2018. The SMI defined benefit scheme was closed to new members on 1 July 2008 and closed to future accrual on 31 January 2018.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method with actuarial valuations being carried out at each statement of financial position date. Remeasurements including actuarial gains and losses but excluding net interest are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to income in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Net interest expense or income plus service costs are recognised in the income statement as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.11 Revenue and expense recognition (continued)

Leases

The Group assesses whether contracts entered into constitute a lease. A contract is, or contains a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset; otherwise, it is classified as an operating lease.

The Group recognises its rights and obligations under finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset (or the present value of the minimum lease payments if lower). The asset is subsequently carried at the initial fair value less accumulated depreciation and impairment charges, with depreciation being charged over the shorter of the lease term and the asset's useful life where there is no reasonable certainty ownership will be obtained by the end of the least term. The liability is subsequently carried at amortised cost using the effective interest method.

Lease payments under operating leases are expensed on a straight-line basis over the lease term.

Taxation

Where the different treatment of certain items for taxation and accounting purposes results in an obligation to pay more or a right to pay less tax in the future deferred tax is recognised in respect of such timing differences that have originated but not reversed at the statement of financial position date with certain limited exceptions.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred taxation is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

2. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical information and experience, actuarial analyses, financial modelling and other analytical techniques.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Claims Reserves – Members and Policyholders

The estimation of the ultimate liability arising from claims made under insurance contracts is NorthStandard's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that NorthStandard will ultimately pay for such claims, such as the extent to which claims have occurred but not been reported to NorthStandard, the length of time it takes to finalise a claims award, the extent to which fees will be incurred in the management of a case and the potential outcomes that can arise from being involved in litigation. The extent to which the accumulated surplus may be sensitive to these sources of uncertainty is disclosed in note 6.

Each individual claim reserve is set at an appropriate level by an experienced claims adjuster, based upon their judgement and experience, who is responsible for the 'hands on' management of the case. The case reserves are monitored and agreed by members of the Claims department management team and Members are encouraged to scrutinise and comment upon the reserves held by NorthStandard. Internal file audits are performed on a continuous basis in order to maintain the high standards of claims management and reserving.

The ultimate cost of claims is only known at their conclusion. Provision is made for claims incurred but not reported ("IBNR") based upon Management's estimate of the ultimate likely cost of claims following advice from the internal actuarial team. This includes the projection of ultimate claims liabilities using standard actuarial techniques such as chain ladder and Bornhuetter-Ferguson methods. The projection methods used are most sensitive to two sets of assumptions that are determined to be the key assumptions influencing the amounts recognised in the financial statements. The first set are those regarding the development of claims, particularly large losses including our and other clubs' pool claims, because due to their size they have the biggest financial impact even after allowing for reinsurance. Experience shows that large claims develop differently to smaller claims. Accordingly claims data are split by value as well as by class of business and territory and development patterns are calculated separately for each of the more than 60 resulting sub-classes of business. The second set of assumptions is the initial loss pick, which is selected based on historical data for each of the sub-classes of business underwritten, allowing for any observable trends, the volume of exposure written, and the level of maturity of the policy years.

The booked reserves include an uplift to allow for volatility in the Group's claims experience. The uplift is calibrated with respect to historical claims volatility and is set as a percentage of reserves that increases when uncertainty rises and decreases when uncertainty falls.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

Claims Reserves – Pool
The reserves maintained in the books and records of NorthStandard in respect of claims arising from NorthStandard's participation in the Pooling Agreement are initially based upon NorthStandard's share of claims reserves established by the notifying Club. Based upon historical evidence and statistical analysis, NorthStandard makes additional provisions for claims incurred but not reported ("IBNR") and claims incurred but not enough reported ("IBNER"), based upon management's own assessment of the likely ultimate outcome of the Pool.

The additional provision covers the likelihood that:

- there are claims that have been incurred but have not been reported to the respective P&I Clubs and hence not notified to the Pool;
- there are claims reserved at a level which does not require notification to the Pool but subsequently that reserve is increased becoming a Pool claim; and
- there is uncertainty surrounding the Pool contribution proportion subject to the finalisation of the confirmation of contribution levels based upon tonnage, premium and record, as set out in the Pooling Agreement.

Pensions and other post-retirement benefits
NorthStandard is the sponsoring employer for two defined benefit pension schemes. The key assumptions used for the actuarial valuations are based on the Directors' best estimate of the variables that will determine the ultimate cost of providing post-employment benefits, on which further detail is provided in note 11.

3. Management of Insurance Risk and Financial Risk

3.1 Insurance risk
NorthStandard issues contracts that transfer insurance risk. The risks under any one insurance contract are the possibility that an insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is highly uncertain and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that NorthStandard faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are highly uncertain and the actual number and amount of claims will vary from year to year from the estimate established using statistical techniques.

The objective of NorthStandard's management of insurance risk is to achieve a breakeven technical result and to ensure that the carrying amounts of the insurance liabilities are not exceeded by the actual experience of claims development. NorthStandard manages insurance risk through its underwriting strategy, proactive claims handling and adequate reinsurance arrangements.

The underwriting strategy is designed to ensure that the underwritten risks are of appropriate quality, correctly rated and well diversified in terms of type and amount of risk, industry and geography.

NorthStandard has a specialised claims department dealing with the mitigation of risks surrounding known claims. Claims are reviewed individually at least bi-annually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors.

Insurance risk is mitigated by appropriate reinsurance programmes, including the International Group pooling and reinsurance programme, NorthStandard's own non-pool and retention reinsurance, and a quota-share agreement with NorthStandard Re, a company wholly owned by the Members, which reinsures 90% of NorthStandard's retained risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.2 Financial risk

NorthStandard is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. NorthStandard's Group Risk Committee reports to the Board and its remit is to consider all aspects of risk which may impact on the business and ensure that appropriate controls and procedures are in place to mitigate the effect of such risk. Risk Policies have been created across a number of areas and these include Capital Management and Investment.

Capital management

NorthStandard operates a capital management plan that relates to both global operations and all branches and offices to ensure that regulatory capital minima, supervisory targets and the Group's own internal targets are met at all times. Capital is monitored by management, the Board and the Group Risk Committee looking closely at actual and projected coverage across a number of jurisdictions. In the UK this includes meeting the capital requirements of the Prudential Regulation Authority (PRA). The Group's capital comprises the accumulated surplus attributable to members of US$531.7 million (2025: US$465.3 million) shown in the statement of financial position. The Group complies with the PRA capital requirements of a Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR). As at 20 February 2025, the Group had an audited SCR coverage of 187%. In addition, in calculating the coverage of the SCR and MCR, the Group has approval from the PRA to recognise Ancillary Own Funds arising from the ability to make an additional call on members.

Determination of fair value and fair value hierarchy

The following table shows an analysis of assets and liabilities measured at fair value by level of the fair value hierarchy:

At 20 February 2026

	Level 1		Level 2		Level 3		Total Fair Value	
US$m	**The Group**	**The Company**	**The Group**	**The Company**	**The Group**	**The Company**	**The Group**	**The Company**
Equity securities	-	-	-	-	0.1	0.1	0.1	0.1
Collective Investment Vehicles – debt funds	252.0	74.2	-	-	-	-	252.0	74.2
Debt securities and other fixed income securities	290.5	-	-	-	-	-	290.5	-
Land and buildings	-	-	-	-	39.7	3.2	39.7	3.2
Derivative liabilities	-	-	(0.3)	(0.3)	-	-	(0.3)	(0.3)
	542.5	**74.2**	**(0.3)**	**(0.3)**	**39.8**	**3.3**	**582.0**	**77.2**

The opening position is shown in the table below:

At 20 February 2025

	Level 1		Level 2		Level 3		Total Fair Value	
US$m	**The Group**	**The Company**	**The Group**	**The Company**	**The Group**	**The Company**	**The Group**	**The Company**
Equity securities	-	-	-	-	0.1	0.1	0.1	0.1
Collective Investment Vehicles – debt funds	245.4	69.6	-	-	-	-	245.4	69.6
Debt securities and other fixed income securities	284.8	-	-	-	-	-	284.8	-
Land and buildings	-	-	-	-	37.1	3.2	37.1	3.2
Derivative liabilities	-	-	(1.5)	(1.5)	-	-	(1.5)	(1.5)
	530.2	**69.6**	**(1.5)**	**(1.5)**	**37.2**	**3.3**	**565.9**	**71.4**

Level 1 consists of assets that are valued according to published quotes in an active market. An asset is regarded as quoted in an active market if quoted prices are readily available from a broker, dealer, exchange, pricing service, industry group or regulatory agency. Level 2 assets and liabilities are similar to Level 1 but the pricing of those assets and liabilities has not been determined in an active market. Level 3 assets are assets for which a value cannot be obtained from observable data.

The movement in assets measured at fair value based on level 3 relates to disposals, revaluation, and depreciation in relation to land and buildings. The Directors do not consider that changing one or more of the inputs to reasonably priced alternative assumptions would change the fair value of the land and buildings significantly. Further details are included in note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.2 Financial risk (continued)

Liquidity risk
Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Liquidity risk is managed by maintaining adequate reserves and banking facilities and ensuring that the spread of investments across funds of various durations will enable any short-term funding requirements to be met. The liquidity is continuously monitored by review of actual and forecast cash flows.

The maturity profiles of the Group's financial assets and liabilities are disclosed in note 5, and the maturity profile of the Group's outstanding claims is disclosed in note 6.

Investment risk
The most important components of investment risk are market risk (including interest rate risk), currency risk and credit risk.

Market risk
Market risk is the risk that as a result of market movements the Group may be exposed to fluctuations in the value of its assets, the amount of its liabilities, or the income from its assets. Sources of general market risk include movements in interest rates, equity prices, exchange rates and real estate prices. It is important to note that none of these sources of risk is independent of the others.

The Group does not have a material exposure to market equity price risk as equity investments are immaterial. The Company does have equity exposure through its investments in Group undertakings, but the valuation of these investments is not significantly influenced by equity markets. The Group and Company have limited exposure to real estate price risk. The exposure is limited to premises occupied by the Group, with more detail provided in note 5.

Interest rate risk
Interest rate risk is managed through a diversified allocation to asset classes and restricting the concentration of investment into any one asset. Interest rate risk arises predominantly in relation to the Collective Investment Vehicles and Debt securities and other fixed income securities , which consists of a combination of government and corporate bonds. Sensitivity to interest rate risk on the valuation of the Collective Investment Vehicles and Debt securities and other fixed income securities has been assessed as shown:

	2026	**2025**
Increase / decrease in relevant yield curve by 1% - change in accumulated surplus (US$m)	+/- 14.9	+/- 11.1

Currency risk
NorthStandard operates internationally and is exposed to foreign exchange risks as a result of its operations. The majority of expenses relating to premium income, including reinsurance and claims costs, will be incurred in the same currency as the premium income, which offers a natural hedge to the foreign exchange risk. The Group does not seek exposure to foreign exchange risk from its investment activities, and the asset allocation policy within the Statement of Investment Principles applied by the Group contains provisions for the matching of claims liabilities with invested assets by currency.

Exposure to foreign exchange risk arises predominantly with respect to UK Sterling, but also to the Euro and other global currencies. The main sources of foreign exchange risk are i) the income of the Group and Company is predominantly US Dollars, whereas a significant proportion of operating expenses are incurred in UK Sterling; and ii) the Group and Company maintain exposure to foreign currencies, such as Australian Dollars and New Zealand Dollars, in support of the capital requirements of its overseas branches.

The Group mitigates foreign exchange risk in relation to UK Sterling expenses by entering into forward exchange contracts, which provide certainty of the exchange rates achievable in relation to a proportion of forecast expenditure. The proportion and duration of forecast future expenditure that is covered by forward contracts will vary within parameters established and monitored by the Group Investment Committee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.2 Financial risk (continued)
The Group Hedging Policy, overseen by the Group Investment Committee, allows for the use of forward exchange contracts and specified other instruments to mitigate the foreign exchange risk associated with maintaining capital in currencies other than US Dollars. As at and for the year ended 20 February 2026, no such arrangements have been placed (2024: none).

The impact on operating expenses from a 5% strengthening of UK Sterling against the US Dollar as applied to the average exchange rate in the year would be an increase of US$7.1 million (before the impact of forward contracts).

The impact on a 5% reduction in the year end Australian Dollar to US Dollar exchange rate on the total accumulated surplus attributable to Members would be a reduction of US$1.3 million; and the impact of a 5% reduction in the year end New Zealand Dollar to US Dollar exchange rate on the total accumulated surplus attributable to Members would be a reduction of US$0.8 million.

Credit risk
NorthStandard has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Investment related counterparty risk within the collective investment vehicles is managed through the investment restrictions contained within the prospectus applicable to each fund.

The following table provides information regarding the aggregate credit risk exposure, for financial assets with external credit ratings, of the Group.

At 20 February 2026

	AAA / AA	A	BBB	Other Rated	Not Rated	Value US$m
Collective Investment Vehicles – debt funds	49.23%	15.41%	33.60%	1.70%	0.06%	252.0
Debt securities and other fixed income securities	28.17%	39.33%	32.20%	-	0.30%	290.5
Reinsurance assets	11.66%	81.21%	4.77%	2.36%	-	1,873.4
Debtors	3.07%	7.09%	-	-	89.84%	208.8
Cash	47.30%	49.41%	0.57%	-	2.72%	264.5

At 20 February 2025

	AAA / AA	A	BBB	Other Rated	Not Rated	Value US$m
Collective Investment Vehicles – debt funds	74.29%	11.41%	13.53%	0.73%	0.04%	245.4
Debt securities and other fixed income securities	74.44%	21.73%	3.83%	-	-	284.8
Reinsurance assets	9.23%	84.15%	5.65%	0.64%	0.33%	1,854.7
Debtors	3.08%	23.11%	1.85%	-	71.96%	210.7
Cash	57.13%	38.97%	1.67%	0.28%	1.95%	215.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.2 Financial risk (continued)

Investment risk management
NorthStandard manages its investment funds in accordance with an investment framework set out in the Statement of Investment Principles which is approved by the Directors. The framework determines investment policy and the management of investment risk and is reviewed on a regular basis. The detailed consideration of investment strategy is the responsibility of the Group Investment Committee. Investment management is outsourced to professional investment managers.

The asset class allocation policy is aligned so as to match the liabilities faced by NorthStandard. The known claims liabilities facing NorthStandard are matched against fixed income assets, representing secure and highly liquid assets known to preserve capital and which, if called upon, could be realised very quickly to settle liabilities.

Other areas where North is exposed to credit risk are:

Reinsurer's share of insurance liabilities
Reinsurance is used to manage insurance risk as explained above. This does not, however, discharge NorthStandard's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, NorthStandard remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an ongoing basis by reviewing their financial strength prior to finalisation of any contract. NorthStandard's policy requires minimum credit ratings for reinsurers at both inception of the reinsurance programme and on an on-going basis. Most reinsurance programmes have security substitution clauses in the event of a reinsurer downgrade.

Amounts due from Members
Credit risk in relation to amounts owed by Members is mitigated because a Member shall cease to be insured by NorthStandard in respect of any and all ships entered by them or on their behalf (or in a fleet entry in which any one or all of their ships are entered) if having failed to pay when due and demanded by management any sum due from the Member to NorthStandard. If, having failed to pay any sum due to NorthStandard a Member has ceased to be insured by NorthStandard, NorthStandard is not liable for any claims under the Rules whether the incident giving rise to such claim occurred before or after the cessation of insurance.

Under the rules, NorthStandard shall be entitled to, and the Member grants, a lien on the entered ship in respect of any amount whatsoever owed by the Member to NorthStandard.

Amounts due from policyholders
NorthStandard is exposed to credit risk from amounts due from Policyholders, but this is mitigated by the ability to offset claim amounts due to those Policyholders, and by the right to cancel cover in respect of continuing non-payment.

4. Land & Buildings

	Group US$m	Parent US$m
Cost		
At beginning of the year	37.5	3.3
Additions	3.0	-
Disposals	(0.1)	(0.1)
At end of the year	**40.4**	**3.2**
Accumulated Depreciation		
At beginning of the year	0.4	0.1
Depreciation charge	0.3	-
At end of the year	**0.7**	**0.1**
Opening Net Book Value	37.1	3.2
Closing Net Book Value	**39.7**	**3.1**

The fair value of the head office building in Newcastle occupied by NorthStandard has been assessed by the Directors, taking into account a valuation undertaken by Naylors Gavin Black, an independent Chartered Surveyor on 31 January 2024. This Valuation Report was carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (Issued November 2021, effective from 31st January 2022 ('the Red Book')) which incorporate the IVSC International Valuation Standards (IVS). The Directors do not consider that there have been any material changes to the market since the date of the valuation such that this valuation remains appropriate at 20 February 2026.

Sensitivity analysis applied to the valuation of the UK head office based in Newcastle upon Tyne of US$9.2 million gives the variations detailed below. The difference between the valuation of US$9.2 million and the carrying value of the property at year end relates to overseas properties which are not considered to be material for sensitivity analysis, and to the London property that was acquired in January 2025 and is in the process of being refurbished. A market value will be obtained once the refurbishment is complete.

Valuation basis	Used in valuation	Variation %	Impact on valuation US$m
Price per square foot	£21	5% increase / decrease	+0.4 / -0.4
Investment yield rate	9.0%	0.5% increase / decrease	-0.6/ +0.7
Rent free period	2 years	Increase by 6 months	-0.5

Inputs for the valuation model are not based on observable market data and are therefore classified as level 3 in the fair value hierarchy.

The fair value of overseas freehold property has been assessed by the Directors, taking into account valuations by Sutherland Farrelly, Australia in August 2025.

If land and buildings were stated on a historical cost basis the amounts would be as follows:

At 20 February	2026 US$m	2025 US$m
Cost	41.7	38.7
Accumulated depreciation	(6.1)	(5.9)
Net book amount	**35.6**	**32.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other financial investments and liabilities

Other financial investments and liabilities are designated at fair value through profit and loss (“FVTPL”) because they are managed on a fair value basis.

	Group 2026 US$m	Company 2026 US$m	Group 2025 US$m	Company 2025 US$m
Financial assets at fair value through profit or loss				
Equity securities – unlisted	0.1	0.1	0.1	0.1
Collective Investment Vehicles – debt funds	252.0	74.2	245.4	69.6
Debt securities and other fixed income securities	290.5	-	284.8	-
Total	**542.6**	**74.3**	**530.3**	**69.7**
Maturity dates of the fixed interest instruments held are as follows:				
In up to two years	89.6	25.3	208.0	22.4
In more than two years but not more than three years	52.4	14.6	142.3	18.4
In more than three years but not more than four years	59.1	19.2	100.2	12.8
In more than four years but not more than five years	42.0	13.3	36.1	11.7
In more than five years	299.4	1.8	43.6	4.3
Total	**542.5**	**74.2**	**530.2**	**69.6**

Financial liabilities are summarised by measurement category in the table below.

Financial liabilities at fair value through profit or loss	Group 2026 US$m	Company 2026 US$m	Group 2025 US$m	Company 2025 US$m
Derivatives	0.3	0.3	1.5	1.5
Total	**0.3**	**0.3**	**1.5**	**1.5**

As at 20 February 2026, no cash and cash equivalents (2025: US$0.8 million) had been pledged as collateral for the derivatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Technical provisions

Reconciliation of opening and closing provisions for claims

	2026		2025	
	Gross	**Reinsurance**	**Gross**	**Reinsurance**
The Group	**US$m**	**US$m**	**US$m**	**US$m**
Outstanding claims at the beginning of the year	2,127.9	(1,854.7)	1,709.3	(1,469.2)
Claims incurred in the current policy year	857.4	(739.0)	998.4	(885.2)
Adjustments to prior year gross liabilities/reinsurance assets	(53.3)	54.2	72.5	(49.9)
Claims paid in the year	(802.8)	669.2	(651.4)	549.2
Foreign exchange	6.4	(3.1)	(0.9)	0.4
Outstanding claims at end of year	**2,135.6**	**(1,873.4)**	**2,127.9**	**(1,854.7)**

	2026		2025	
	Gross	**Reinsurance**	**Gross**	**Reinsurance**
The Company	**US$m**	**US$m**	**US$m**	**US$m**
Outstanding claims at the beginning of the year	898.9	(885.4)	573.7	(584.3)
Claims incurred in the current policy year	516.3	(488.0)	642.9	(623.4)
Adjustments to prior year gross liabilities/reinsurance assets	(39.5)	45.0	(11.7)	27.2
Claims paid in the year	(325.2)	305.6	(305.6)	294.7
Foreign exchange	1.9	(0.1)	(0.4)	0.4
Outstanding claims at end of year	**1,052.4**	**(1,022.9)**	**898.9**	**(885.4)**

In the period for which we are reporting, the Directors have re-evaluated the claims reserves in respect of prior policy year claims. The total outstanding claims includes provision for IBNR claims which is set by reference to standard actuarial techniques and projections as described further in note 2. Also included is an estimate for the internal and external costs of handling the outstanding claims.

Reconciliation of opening and closing provisions for unearned premiums

	2026		2025	
	Gross	**Reinsurance**	**Gross**	**Reinsurance**
The Group	**US$m**	**US$m**	**US$m**	**US$m**
Provision for unearned premiums at the beginning of the year	**78.6**	**(33.7)**	66.6	(30.7)
Change recognised in the Income Statement	10.8	0.6	12.0	(3.0)
Foreign exchange	0.1	-	-	-
Provision for unearned premiums at end of year	**89.5**	**(33.1)**	**78.6**	**(33.7)**

	2026		2025	
	Gross	**Reinsurance**	**Gross**	**Reinsurance**
The Company	**US$m**	**US$m**	**US$m**	**US$m**
Provision for unearned premiums at the beginning of the year	**50.3**	**(29.4)**	42.4	(25.9)
Change recognised in the Income Statement	14.2	1.0	7.9	(3.5)
Provision for unearned premiums at end of year	**64.5**	**(28.4)**	**50.3**	**(29.4)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Technical provisions (continued)

Expected timing of cash flows relating to net insurance claims

	2026		2025	
	Group	Company	Group	Company
Date of undiscounted cash flow	US$m	US$m	US$m	US$m
In up to one years	108.2	12.2	111.7	5.5
In more than one years but not more than two years	65.8	7.4	62.8	3.1
In more than two years but not more than three years	37.7	4.2	43.7	2.2
In more than three years but not more than four years	19.9	2.2	21.6	1.1
In more than four years	30.6	3.5	33.4	1.6
Total	**262.2**	**29.5**	**273.2**	**13.5**

Sensitivity analysis

The uncertainty surrounding the valuation, timing and cash flows of claims liabilities, the process of claims reserve estimation and the process and assumptions regarding the determination of other claims liability-based reserves are set out in note 2.

There are a significant number of variables which lead to the uncertainty surrounding the valuation, timing and cash flows of claims liabilities although management are of the opinion that the accumulated surplus is not materially sensitive to any one variable. The mutual P&I cover provided by the Group offers very high limits of insurance, and claims experience has a broad range of sources of uncertainty, including geopolitical and economic factors, environmental regulations and compliance, the complexity in determining the exact cause or causes of an incident, and outcomes from being involved in litigation. The extent to which the accumulated surplus may be sensitive to any individual variable or any groups of variables is best demonstrated by the development of claims liabilities.

The development of claims liabilities by policy year is as follows:

Insurance claims development – Gross (US$M)

Policy year	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Estimate of ultimate claims cost:										
At end of policy year	769.4	937.9	517.7	425.6	729.8	686.6	1,072.3	756.7	496.1	491.4
One year later		884.3	536.6	402.7	849.9	645.6	1,468.2	641.2	492.1	433.5
Two years later			494.7	484.8	894.7	670.3	1,535.2	813.7	754.8	415.4
Three years later				458.4	999.8	690.0	1,542.3	797.9	477.5	439.9
Four years later					957.7	736.7	1,510.7	767.1	432.9	415.0
Five years later						688.1	1,512.1	764.9	465.2	399.4
Six years later							1,485.3	796.4	479.9	400.2
Seven years later								754.0	483.2	385.3
Eight years later									447.2	401.8
Nine years later										371.5
Current estimate of cumulative claims	769.4	884.3	494.7	458.4	957.7	688.1	1,485.3	754.0	447.2	371.5
Cumulative payments to date	140.2	394.3	286.1	322.5	760.0	595.2	1,364.6	685.1	411.8	357.9
Liability recognised in statement of financial position	629.2	490.0	208.6	135.9	197.7	92.9	120.7	68.9	35.4	13.6
Total of ten years										1,992.9
Liability in respect of prior policy years										106.5
Claims handling reserve										36.2
Total liability included in statement of financial position										**2,135.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Technical provisions (continued)

Insurance claims development – Net (US$M)

Policy year	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Estimate of ultimate claims cost										
At end of policy year	113.6	134.3	79.9	43.6	61.4	61.2	63.7	56.3	56.4	53.7
One year later		144.6	68.1	53.7	64.5	58.7	60.2	59.9	60.0	59.3
Two years later			59.0	54.8	83.7	60.8	60.1	57.8	65.6	58.5
Three years later				48.9	81.2	75.8	60.7	57.4	59.4	62.8
Four years later					70.2	68.1	72.5	54.6	56.4	58.2
Five years later						61.3	66.6	63.9	59.6	59.0
Six years later							62.7	61.3	74.5	60.2
Seven years later								55.7	67.2	60.1
Eight years later									62.1	58.9
Nine years later										55.3
Current estimate of cumulative claims	113.6	144.6	59.0	48.9	70.2	61.3	62.7	55.7	62.1	55.3
Cumulative payments to date	36.0	78.0	30.4	32.3	53.7	48.8	55.5	49.1	50.9	53.1
Liability recognised in statement of financial position	77.6	66.6	28.6	16.6	16.5	12.5	7.2	6.6	11.2	2.2
Total of ten years										245.6
Liability in respect of prior policy years										13.0
Claims handling reserve										3.6
Total liability included in statement of financial position										**262.2**

7. Debtors

	Group 2026 US$m	**Company 2026 US$m**	**Group 2025 US$m**	**Company 2025 US$m**
Debtors arising out of direct insurance operations	174.6	108.9	142.5	70.0
Debtors arising out of reinsurance operations	21.9	23.0	53.1	35.7
Amounts owed by Group undertakings	-	115.8	-	110.0
Other debtors	12.3	4.9	15.1	8.4
	208.8	**252.6**	**210.7**	**224.1**

All amounts included in debtors in both the Group and the Company are due within twelve months of the reporting date.

Included in the Group other debtors balance is cash and deposits held on behalf of Members. These arise in similar circumstances to the restricted cash described in note 9, but where the terms of acceptance require presentation of the amounts as debtors rather than restricted cash.

8. Tangible assets

The Group

	Computer Equipment US$m	Motor Vehicles US$m	Office Equipment and Fittings US$m	Total US$m
Cost				
At beginning of the year	**2.6**	**0.2**	**4.5**	**7.3**
Additions	-	0.1	2.2	2.3
Impairment	-	-	-	-
Disposals	(2.4)	-	-	(2.4)
At end of the year	**0.2**	**0.3**	**6.7**	**7.2**
Accumulated Depreciation				
At beginning of the year	**1.6**	**0.2**	**1.3**	**3.1**
Depreciation charge	0.1	-	2.6	2.7
Disposals	(1.6)	-	-	(1.6)
At end of the year	**0.1**	**0.2**	**3.9**	**4.2**
Opening Net Book Value	**1.0**	**-**	**3.2**	**4.2**
Closing Net Book Value	**0.1**	**0.1**	**2.8**	**3.0**

Depreciation expense of US$2.7 million (2025 – US$0.9 million) has been charged in expenses for marketing and administration.

9. Cash at bank and in hand

	Group 2026 US$m	Company 2026 US$m	Group 2025 US$m	Company 2025 US$m
Cash at bank and in hand	198.1	81.0	160.4	74.2
Short-term bank deposits	40.9	34.2	30.8	29.4
Restricted cash	25.5	11.9	24.1	11.3
	264.5	**127.1**	**215.3**	**114.9**

The Group and Company have no overdraft facility (2025- US$ NIL). The Group and Company have a money market facility, the total facility is US$20.0 million (2025 – US$20.0 million) of which US$ NIL was drawn at 20 February 2026 (2025 – US$ NIL).

The restricted cash balances relate to cash held by the Group on specific terms which restrict its use by the Group, and arise where i) Members have provided counter-security to the Group in respect of security issued to third parties for non-covered matters (see note 22); ii) Members have secured release calls by depositing cash with the Group; or iii) cash is held by the Group as part of its claims management activities, for example on an escrow basis.

Cash and cash equivalents for the purpose of the Statement of Cash Flows include overdrawn bank accounts under the Group's cash pooling agreement (see note 12).

	Group 2026 US$m	Company 2026 US$m	Group 2025 US$m	Company 2025 US$m
Cash and cash equivalents per the Statement of Financial Position	264.5	127.1	215.3	114.9
Cash and cash equivalents per Statement of Cash Flows	**264.5**	**127.1**	**215.3**	**114.9**

As of 20 February 2026, US$6.9 million (2025 – US$6.7 million) of the cash reported in the Group and Company are designated for the regulatory requirements of the NorthStandard Japan Branch.

10. Prepayments and accrued income

	Group 2026 US$m	Company 2026 US$m	Group 2025 US$m	Company 2025 US$m
Deferred acquisition costs	17.7	12.0	16.1	8.7
Accrued income	2.3	-	16.2	5.3
Prepayments and accrued interest	13.7	0.5	5.9	0.4
	33.7	**12.5**	**38.2**	**14.4**

11. Retirement Benefit Schemes

The Group & Company operates two defined benefit schemes in the United Kingdom which are operated under the Pensions Acts 1995 and 2004. The most recent triennial actuarial valuation for the North Scheme and SMI Scheme was carried out as at 30 June 2022 by a qualified independent actuary.

The schemes are governed by Trust Deeds and Rules and are managed by Trustees. The Principal Employer has the power, by deed, to appoint and remove Trustees. There have been no changes to the Trustees of either scheme during the period. Align Pensions Limited is a professional corporate trustee and is appointed as the Trustee of both schemes.

The employer is ultimately responsible for the funding of the schemes. As a result, the operation of the schemes exposes the group to the risk that the assets held by the schemes are insufficient to meet the schemes' obligations as they fall due for payment.

Both schemes were previously closed to new members and on 31 January 2018 both schemes were closed to the future accrual of benefits. On 2 February 2018 NorthStandard assumed control of the SMI pension scheme via a Flexible Apportionment Arrangement.

Actuarial assumptions for valuing the Scheme liabilities

A key assumption is the discount rate which is used to determine the value of pension liabilities at the statement of financial position date. The selection of the inflation assumption is also critical as this is relevant for the salary and the pre-retirement revaluation assumptions. These assumptions are based on market yields at the statement of financial position date, and may not be borne out in practice due to the long-term expected duration of the Scheme. Within the prescribed conditions however assumptions must be mutually compatible and lead to the best estimate of the future cash flows in respect of pension liabilities. A summary of relevant considerations is set out below.

Assumption for valuing pension liabilities	Comments on prescribed conditions
Discount rate (pre and post retirement)	Based on yields on AA corporate bonds of appropriate duration and currency, or a suitable proxy.
Price inflation	Based on the yield differential between index-linked corporate bonds and fixed-interest corporate bonds of similar credit standing (for example, using appropriate UK Government conventional and index-linked stocks).
Pension increases	Compatible with the rate of price inflation above taking into account the effects of scheme rules and valid expectations of discretionary increases based on past practice.
Demographic assumptions (for example, rates of mortality and early retirement)	Compatible assumptions that lead to a best estimate of future cash flows.
Administration expenses	As advised by the Company based on realistic forecasts.

The key rates assumed are:

	North 2026	SMI 2026	North 2025	SMI 2025
Discount rate	5.7%	5.7%	5.7%	5.7%
Inflation rate	2.8%	2.8%	2.9%	2.9%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Retirement Benefit Schemes (continued)

Mortality
For the purposes of both the 2026 and 2025 calculations the base mortality rates have been taken from the S3PA Light tables published by the Actuarial Profession's Continuous Mortality Investigation (CMI). The allowance for future improvements in longevity has been updated to the CMI 2023 and 2024 projections respectively with a long-term rate of improvements of 1.25% per annum.

The pension schemes, their assets and liabilities, assumptions and projections are based in sterling. The assets and liabilities of the schemes are converted into US Dollars, NorthStandard's functional and presentational currency as described in note 1.4.

The fair value of plan assets are as follows:

	North 2026 US$m	SMI 2026 US$m	North 2025 US$m	SMI 2025 US$m
Equities	9.1	3.2	8.2	5.2
Other	3.1	1.1	3.1	1.1
Credit/ Debt funds	37.3	11.7	37.5	10.2
Liability driven investments	40.7	14.2	28.6	10.5
Cash	1.3	0.2	2.2	0.4
	91.5	30.4	79.6	27.4

The actual return on plan assets for 2026 amounted to a gain of US$5.2 million (2025: US$0.8 million loss) for NorthStandard and a gain of US$2.3 million (2025: US$0.1 million gain) for SMI.

Defined benefit plans

Changes in the defined benefit obligation and fair value of plan assets

	Defined benefit obligation US$m	Fair value of plan assets US$m	Benefit liability / (asset) US$m
20 February 2025	**103.9**	**107.0**	**(3.1)**
Net interest	6.2	6.5	(0.3)
Sub-total included in income	**6.2**	**6.5**	**(0.3)**
Benefits paid	(4.3)	(4.3)	-
Return on plan assets excluding amounts included in net interest expense	-	1.0	(1.0)
Actuarial changes			
- arising from changes in demographic assumptions	0.6	-	0.6
- arising from changes in financial assumptions	(1.8)	-	(1.8)
Experience adjustments	0.7	-	0.7
Sub-total included in OCI	**(0.5)**	**1.0**	**(1.5)**
Contributions by employer	-	4.4	(4.4)
Exchange rate movements	7.3	7.5	(0.2)
20 February 2026	**112.6**	**122.1**	**(9.5)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Retirement Benefit Schemes (continued)

Sensitivity of key assumption

A quantitative sensitivity analysis for significant assumptions as at 20 February 2026 is shown below.

	Impact on retirement benefit liability
North Scheme	**US$m**
(Increase) / reduce discount rate by 0.5%	(5.5) / 6.2
Increase / (reduce) inflation assumption by 0.5% (assumed affects deferred and pensioner increases and not salary increases)	1.7 / (1.7)
Increase life expectancy by one year	2.3
SMI Scheme	
(Increase) / reduce discount rate by 0.5%	(1.8) / 2.0
Increase / (reduce) inflation assumption by 0.5% (assumed affects deferred and pensioner increases and not salary increases)	0.7 / (0.7)
Increase life expectancy by one year	0.8

The sensitivities above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The amount expected to be contributed into the plans by the Group in 2026/27 is US$2.0 million.

The average duration of the defined benefit plan obligation at the end of the reporting period is 14 years (2025: 15 years) for North scheme and 14 years (2025: 14 years) for SMI scheme.

Defined Contribution plans

The Group also operates a number of defined contribution pension schemes. The total pension cost charge for the year represents contributions payable to the schemes and amounted to US$10.9 million (2025: US$10.3 million). There were no outstanding or prepaid contributions at the beginning or end of the financial year.

Virgin Media vs NTL Court Case

The Company is aware of the 2023 ruling in the Virgin Media vs NTL Pension Trustee case and subsequent court of appeal ruling published in July 2024. These ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation.

On 1 September 2025, the Government published a list of amendments to the Pension Schemes Bill, which included changes to address issues arising from the Virgin Media ruling. These changes should mean that schemes are able to retrospectively certify historic benefits changes that met the relevant requirements at the time. As a result, no allowance has been made for this ruling in these disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Creditors

	Group 2026 US$m	Company 2026 US$m	Group 2025 US$m	Company 2025 US$m
Creditors arising out of direct insurance operations	109.0	46.8	73.7	41.3
Creditors arising out of reinsurance	103.5	92.8	135.7	61.0
Derivatives	0.3	0.3	1.5	1.5
Amounts owed to Group undertakings	-	15.5	-	45.2
Other creditors	11.2	6.6	11.9	5.6
	224.0	**162.0**	**222.8**	**154.6**

The Company and Group is entered into a cash pooling agreement with Nordea Bank Abp. This facility allows accounts included in the agreement to be overdrawn, provided that the aggregate balance across all accounts in the pooling agreement is not an overdrawn position. Overdrawn accounts are shown separately in the financial statements, but do not attract interest charges or have a fixed repayment date. All the above amounts were due within twelve months of the reporting date.

13. Operating Expenses by Nature

The Group	Note	**2026 US$m**	**2025 US$m**
Depreciation and amortisation charges		3.0	6.8
Impairment charge		-	1.6
Loss on disposal of fixed assets		0.8	1.3
Staff costs	19	123.3	109.4
Allocation of staff costs to claims handling expenses		(89.3)	(63.0)
Purchase of goods and services		25.1	18.6
Total operating expenses		**62.9**	**74.7**

Auditor's remuneration	**2026 US$m**	**2025 US$m**
Amounts payable to BDO LLP		
Audit of these financial statements	0.6	0.5
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	0.9	1.2
Audit related assurance services	0.2	0.2
Other assurance services	0.2	0.2
	1.9	**2.1**

Amounts receivable by the company's auditor and its associates in respect of the audit of financial statements of associated pension schemes is US$ NIL (2024: US$NIL). Other assurance services are for the audit of the Group's Solvency II returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Investment return net of expenses and charges

	2026 US$m	2025 US$m
Investment income		
Interest income on financial assets not at fair value through profit and loss	12.5	2.6
Realised gains on financial investments at fair value through profit and loss	23.3	16.2
Derivative hedging	1.2	(0.9)
	37.0	**17.9**
Investment expenses and charges		
Other investment management expenses	(1.3)	(1.3)
	(1.3)	**(1.3)**
Net unrealised gains on financial investments at fair value through profit and loss	2.9	14.5
Total investment return	**38.6**	**31.1**

15. Other income

	2026 US$m	2025 US$m
Brokerage income	1.6	1.5
Exchange gains	13.3	-
Other miscellaneous income	0.8	0.3
Other income	**15.7**	**1.8**

16. Other charges

	2026 US$m	2025 US$m
Exchange losses	-	5.3
Other miscellaneous charges	0.4	0.4
Other charges	**0.4**	**5.7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Tax Expense

The Group	**2026 US$m**	**2025 US$m**
Current tax	9.7	5.8
Deferred tax	3.0	(2.5)
	12.7	**3.3**

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the result for the year is as follows:

	2026 US$m	**2025 US$m**
Profit for the year	77.6	3.8
Tax on the above at standard UK corporation tax rate of 25.0% (2024: 24.3%)	19.4	1.0
Effects of non-taxable income and non-deductible expenses	(4.2)	6.3
Tax losses utilised	(2.5)	(3.2)
Adjustment in respect of previous years	-	(0.8)
Total tax expense	**12.7**	**3.3**

The provision for deferred tax assets has been made at the rate of tax relevant in each overseas jurisdiction as follows:

The Group	**2026 US$m**	**2025 US$m**
At beginning of year	3.0	0.5
Arising on business combinations during the year	-	-
Movement in the year	(3.0)	2.5
At end of year	-	3.0
Deferred tax at the year-end relates to:		
- other timing differences	-	3.0
	-	3.0

No deferred tax on accumulated tax losses has been recognised within NorthStandard UK.

18. Cash generated from operating activities

	Group 2026 US$m	Group 2025 US$m
Profit for the year	66.4	3.8
Adjustments for:		
Depreciation and amortisation	3.0	6.8
Impairment of intangibles	-	1.6
Investment income	(15.3)	(18.4)
Tax expense	12.7	3.3
Loss on sale of tangible assets	0.9	1.3
(Decrease) / increase in insurance contracts net of reinsurance recoverable	(11.0)	33.1
Increase in unearned premium reserve net of reinsurers' share	11.5	9.0
Decrease in total debtors and total prepayments and accrued income	6.4	40.2
Decrease in total creditors and accruals and deferred income	(9.5)	(83.0)
Defined benefit contributions in excess of the charge for the year	(6.4)	(7.3)
Purchase of bonds at fair value through profit or loss	(611.1)	(287.9)
Sale of bonds at fair value through profit or loss	614.1	287.7
Foreign exchange (gain) / loss	-	(0.1)
Derivative movement	(1.2)	2.8
Cash generated from / (absorbed by) operating activities	**60.5**	**(7.1)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Staff Costs

The Group

The average monthly number of employees (including executive Directors) was:

	2026 Number	2025 Number
Claims	274	264
Underwriting	135	138
Loss prevention	23	22
Other	293	288
	725	**712**

Their aggregate remuneration comprised:	2026 US$m	2025 US$m
Wages and salaries	101.3	88.5
Social security costs	8.9	7.4
Other post-employment benefits	13.1	13.5
	123.3	**109.4**

Directors' Remuneration

The Group

The remuneration of the Directors was as follows:

	2026 US$m	2025 US$m
Short-term employee benefits	5.4	4.5

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2026 US$m	2025 US$m
Short-term employee benefits	2.0	1.9

No Directors were members of the Company's defined benefit pension schemes during the year or in the prior year. The accrued pension entitlement under the Company's defined benefit scheme of the highest paid director at 20 February 2026 was US$XX (2025 - US$ NIL).

20. Guarantees

In the normal course of business, the Group has provided security / arranged for security to be provided on behalf of its Members. At 20 February 2026, the Group had bank guarantee facilities with Nordea Bank Abp, Barclays Bank Plc and HSBC Holdings Plc of up to US$316.0million, of which US$230.1 million was utilised.

The provision of security in relation to claims covered under the terms of insurance of the Members does not alter the expected cost to the Group of those claims, which is included in the technical provision for claims outstanding. Provision of security in relation to non-covered matters must be counter-secured prior to issue, and is not expected to result in any net cash out-flow for the Group as a result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Investments in Group undertakings

Details of subsidiary undertakings, all of which are included in the consolidated financial statements, are as per the below table. Those subsidiaries marked * are direct subsidiaries of NorthStandard Limited.

			Ownership %	
Name	**Registered office**		**2026**	**2025**
NorthStandard EU Designated Activity Company	Fitzwilliam Hall, Fitzwilliam Place, Dublin, DO2 T292, Ireland	*	100	100
The Standard Club Asia Ltd.	3 Anson Road, #10-02 Springleaf Tower, Singapore 079909		100	100
The Standard Club Designated Activity Company	Fitzwilliam Hall, Fitzwilliam Place, Dublin, DO2 T292, Ireland		-	100
The Standard Club UK Ltd	The Minster Building, 21 Mincing Lane, London, E3R7AG, UK		100	100
The Standard Club Limited	Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda	*	100	100
NorthStandard Group Services Limited	100 The Quayside, Newcastle upon Tyne, NE13DU, UK	*	100	100
NorthStandard Services Asia Pte. Limited	3 Anson Road, #10-02 Springleaf Tower, Singapore 079909	*	100	100
NorthStandard (Americas) Inc.	180 Maiden Lane, Suite 6A, New York, NY 10038, USA	*	100	100
NorthStandard Marine Consultant (Shanghai) Ltd Co.	Room 302A, Building 7, 18 Gongping Road, Hongkou District, Shanghai, P.R. China 200082	*	100	100
NorthStandard Marine Consultants Korea Co., Ltd	(Jongno 2 ga) 4F, 96 Jong-ro, Jongno-gu, Seoul, Republic of Korea	*	100	100
Standard Club Management (Bermuda) Limited	Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda		100	100
Standard Club Management (Europe) Limited	Fitzwilliam Hall, Fitzwilliam Place, Dublin, DO2 T292, Ireland		100	100
Standard Club Management (UK) Limited	The Minster Building, 21 Mincing Lane, London, E3R7AG, UK		100	100
NEPIA Trust Company Limited	100 The Quayside, Newcastle upon Tyne, NE13DU, UK	*	100	100
North Risk Services Limited	100 The Quayside, Newcastle upon Tyne, NE13DU, UK		-	-
North of England Insurance Services, Inc.	180 Maiden Lane, Suite 6A, New York, NY 10038, USA	*	100	100
Harlock Murray Underwriting Limited	9850 King George Blvd #307, Surrey, BC V3T0P9, Canada	*	100	100
Harlock Murray Underwriting LLC	Corporation Trust Centre, 1209 Orange St., Wilmington, DE 19801, USA		100	100
Hydra Insurance Company Limited (NorthStandard Cell)	Victoria Hall, Victoria Street, Hamilton, HM 1826, Bermuda	*	100	100

The value of the subsidiary undertakings is as follows:

	2026	2025
The Company	**US$m**	**US$m**
Balance brought forward	114.2	108.0
Investment in NorthStandard Services Asia Pte. Limited	-	5.3
Investment in NorthStandard (Americas) Inc.	-	0.7
Investment in NorthStandard Marine Consultants Korea Co., Ltd	0.3	0.2
Balance carried forward	**114.5**	**114.2**

The segregated cell within Hydra Insurance Company Limited, which reinsures other group companies in respect of some of their liabilities under the pooling agreement and their share of the first layer of the International Group excess loss reinsurance contract, has been consolidated. It is possible that in certain circumstances preferred shareholders, including the parent company, can be required to provide further funding to their segregated cell in order to maintain its capital and solvency requirements in Bermuda. The parent company has agreed, with shareholders of other segregated cells in Hydra Insurance Company Limited, to maintain a certain level of capital within each segregated cell.

The Company acquired the investments in NorthStandard Services Asia Pte. Limited and NorthStandard (Americas) Inc. from a subsidiary company during the year ended 20 February 2025 as part of the Group's on-going restructuring post-merger. NorthStandard Marine Consultants Korea Co., Ltd was established during the same year to provide claims liaison services to our Members in Asia.

During the year ended 20 February 2026, NorthStandard has continued with its plans to rationalise its group structure following the 2023 merger, and achieved a major milestone this year by consolidating its European business through the merger of The Standard Club Ireland DAC into NorthStandard EU DAC.

Subsequent to the year-end, NorthStandard EU DAC changed its registered office to 76 Sir John Rogerson's Quay, Grand Canal Dock, Dublin, D02 C9D0.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

22. Related Party Transactions

Key management compensation

The remuneration of the Directors was as follows:	2026 US$m	2025 US$m
Short term employee benefits	5.4	4.5

Short term employee benefits include salaries, cash allowances and benefits in kind such as amounts in respect of company cars and medical insurance.

Certain Directors are representatives or agents of member companies. Other than the insurance and membership interests those Directors have no financial interests in the Company.

Other related parties
The Group operates two defined benefit schemes and further information can be found in note 11 of these Financial Statements.

Guarantees issued to subsidiary companies under s.479C of the Companies Act 2006

NorthStandard Limited has guaranteed all outstanding liabilities to which NorthStandard Group Services Limited and Standard Club Management (UK) Limited are subject as at 20 February 2026 and until they are satisfied in full. As a result, NorthStandard Group Services Limited and Standard Club Management (UK) Limited are exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of s.479A of the Companies Act 2006.

23. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2026 US$m	2025 US$m
Not later than 1 year	1.8	2.1
Later than 1 year and not later than 5 years	3.2	3.7
Later than 5 years	0.1	0.2
	5.1	**6.0**

24. Capital commitments

As at the balance sheet date, NorthStandard had entered into contractual commitments in respect of the office refurbishment works at our London Monument Street building. The total amount of the committed at 20 February 2026 was US$17.3 million (2025 - US$NIL)

25. Events subsequent to the statement of financial position date

Subsequent to the reporting date, there has been an escalation in the conflict in the Middle East. Due to the nature of the cover provided and the terms of our reinsurance arrangements the Directors are satisfied that there is no material impact to the carrying value of assets and liabilities reported in these financial statements.

NorthStandard

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