Combined financial statements

NorthStandard Limited and NorthStandard Re Limited

20 February 2026

COMBINED FINANCIAL STATEMENTS

NorthStandard Limited's ("NorthStandard") consolidated financial statements for the year ended 20 February 2026 are provided in a separate document and NorthStandard Re Limited 's ("NorthStandard Re"), collectively "the Associations", non-statutory financial statements for the same period will be issued to Members on behalf of the Managers of that Company. Financial statements which combine the results and financial position of the Associations follow in this report. All Members are Members of both Associations and the combined financial statements have been prepared to allow Members to gain a picture of the overall position. The statements have been prepared for illustrative purposes only and have no legal standing.

Any reference to the Club in the subsequent narrative relates to the combined position.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF NORTHSTANDARD LIMITED

Opinion on the financial statements

In our opinion, the special purpose financial statements of the Associations for the year ended 20 February 2026 are prepared, in all material respects, in accordance with the accounting policies set out in note 1 to these special purpose financial statements.

We have audited the special purpose financial statements of NorthStandard Limited and NorthStandard Re Limited (together "the Associations") for the year ended 20 February, which comprise the following:

Combined Income and Expenditure Account
Combined Balance Sheet
Notes on the Combined Financial Statements other than that of the Combined Policy Year Statements marked 'unaudited'.
A summary of accounting policies

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), including ISA (UK) 800 (Revised) and ISA (UK) 805 (Revised). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the special purpose financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Associations in accordance with the ethical requirements that are relevant to our audit of the special purpose combined financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the special purpose financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the special purpose financial statements is appropriate.

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 Companies' ability to continue as a going concern for a period of at least twelve months from when the special purpose combined 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 Companies' 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.

Emphasis of matter - Basis of accounting and restriction on distribution and use

We draw attention to Note 1 to the special purpose combined financial statements, which describes the basis of accounting, which is a special purpose framework. The special purpose combined financial statements are prepared to assist the Directors of the Associations to gain a picture of the overall position for its members. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of the Associations and should not be distributed to or used by parties other than the Directors of the Associations. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in Combined Financial Statements other than the special purpose combined financial statements and our auditor's report thereon. Our opinion on the special purpose combined financial statements does not cover the other information and, 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 special purpose combined 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 special purpose combined 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.

Responsibilities of Directors

The Directors are responsible for the preparation of the special purpose combined financial statements in accordance with the special purpose framework and for such internal control as the Directors determine is necessary to enable the preparation of special purpose combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose combined financial statements, the Directors are responsible for assessing the Associations' 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 Associations or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose combined 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 special purpose combined financial statements.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Associations 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 Associations and the industry in which they operate;
- Discussion with management and those charged with governance regarding the Associations' policies and procedures relating to compliance with laws and regulations; and
- Obtaining an understanding of the Companies' policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be, but not limited to, the applicable regulatory framework applicable to the Companies' operations and Companies Act 2006.

The Companies are also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the special purpose combined financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Prudential Regulatory Authority (PRA'), Financial Conduct Authority ('FCA') and Bermuda Monetary Authority ('BMA').

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Review of correspondence with regulatory (PRA, FCA & BMA) and tax authorities for any instances of non-compliance with laws and regulations.

Fraud

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

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Companies' 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 special purpose combined 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 Valuation of IBNR and management override of controls.

Our procedures in respect of the above included:

- In response to the risk within the valuation of IBNR, and in conjunction with our actuarial specialists, we performed the following procedures;
    - Obtained an understanding of the relevant reserving processes, and the relevant controls over the data, methodology and assumptions, models and outputs used in valuing the IBNR, including evaluating the design and implementation of relevant controls;
    - Assessed the appropriateness and consistency of the underlying reserving data provided by the Companies' actuarial team with by evaluating the integrity of the data used in the actuarial calculations by agreeing to the underlying records;
    - Performed independent re-projections of reserves for all classes of business using historical claims data and our own actuarial techniques;
    - Challenged key assumptions, methods and actuarial models used to ensure estimates are objective and reasonable;
    - Assessed the Companies' best estimate to our best estimate and range of possible outcomes;
    - Assessed the reasonableness of the margin held at year end; and
    - Reviewed material claims payments made in the year.
- In response to the risk of management override of controls – testing a sample of journal entries made throughout the year to supporting documentation and reviewing for evidence of management bias that might reasonably represent a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members 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.

Our audit procedures were designed to respond to risks of material misstatement in the special purpose combined 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 special purpose combined 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: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

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https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Associations' Directors, as a body, in accordance with the terms of our engagement letter dated 13 January 2026. Our audit work has been undertaken so that we might state to the Associations' Directors those matters we are required to state in an auditor's report in accordance with the terms of our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Associations and the Associations' Directors as a body, for our audit work, for this report, or for the opinions we have formed. This report must not be used for any purpose other than that for which it was prepared or be reproduced or referred to in any other document or made available to any third party. We accept no duty or responsibility and deny any liability to any third party who is shown and/or gains access to this report.

BDO LLP

London, UK

09 July 2026

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

(All amounts in US Dollar millions unless otherwise stated)

COMBINED STATEMENT OF FINANCIAL POSITION

	Note	**2026**	**2025**
Assets			
Property, plant and equipment		42.7	41.3
Reinsurers' share of technical provision			
Provision for unearned premium		33.6	34.2
Claims outstanding		792.4	798.1
Financial assets			
Equity securities - at fair value through profit and loss	3	357.5	223.5
Collective investment vehicles – at fair value through profit and loss	3	476.4	898.4
Debt securities and other fixed income securities – at fair value through profit and loss	3	1,075.3	648.5
Loans and receivables including insurance and reinsurance receivables		253.2	253.0
Deferred tax asset		0.3	3.0
Retirement benefit asset		9.5	3.1
Cash and cash equivalents	4	292.8	231.4
Total assets		**3,333.7**	**3,134.5**
Accumulated Surplus			
Income and expenditure account	13	920.4	798.0
Revaluation reserve	13	2.0	2.0
Total accumulated surplus		**922.4**	**800.0**
Liabilities			
Technical provision			
Provision for unearned premium		89.4	78.6
Claims outstanding		2,093.1	2,068.1
Derivative financial instruments		0.3	1.5
Reinsurance payables		79.9	64.9
Trade and other payables		148.6	121.4
Total liabilities		**2,411.3**	**2,334.5**
Total accumulated surplus and liabilities		**3,333.7**	**3,134.5**

These financial statements were approved by the Board of Directors on 6th July 2026.

PA Jennings
Managing Director

J Grose
Managing Director

NorthStandard Limited and NorthStandard Re Limited
Combined Financial Statements
(All amounts in US Dollar millions unless otherwise stated)
20 February 2026

COMBINED INCOME STATEMENT

	Note	2026	2025
Insurance premium revenue	2	949.1	897.8
Insurance premium ceded to reinsurers	5	(222.1)	(193.6)
		727.0	704.2
Change in provision for unearned premiums		(10.8)	(12.0)
Reinsurers' share of change in unearned premium		(0.7)	3.5
		(11.5)	(8.5)
Investment income		53.4	28.4
Net fair value gains at fair value through profit and loss	6	118.4	80.0
Other gains/(losses)	7	0.2	(0.1)
Other operating income		1.7	1.5
Net income		**889.2**	**805.5**
Insurance claims and loss adjustment expenses	8	(807.7)	(1,071.1)
Insurance claims and loss adjustment expenses recovered from reinsurers	9	176.6	401.6
Net insurance claims		(631.1)	(669.5)
Expenses for the acquisition of insurance and investment contracts	10	(71.4)	(64.8)
Expenses for marketing and administration	11	(54.3)	(59.0)
Expenses for asset management services rendered		(2.9)	(3.0)
Operating expenses		(128.6)	(126.8)
Reinsurance commission		1.9	1.6
Total expenses		**(757.8)**	**(794.7)**
Results of operating activities		131.4	10.8
Finance income/(expense)	12	2.3	(13.3)
Surplus/(deficit) before tax		133.7	(2.5)
Tax expense		(12.8)	(3.3)
Surplus/(deficit) for the year		**120.9**	**(5.8)**

COMBINED STATEMENT OF COMPREHENSIVE INCOME

	2026	2025
Surplus/(deficit) for the year	**120.9**	**(5.8)**
Other comprehensive income		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Revaluation of land and buildings	-	-
Remeasurement gains on defined benefit plans	1.5	3.2
Net other comprehensive income not to be reclassified to profit or loss	1.5	3.2
Total comprehensive income for the year, net of tax	**122.4**	**(2.6)**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. Accounting policies

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

1.1 Basis of presentation

These combined financial statements do not constitute NorthStandard's statutory accounts for the years ended 20 February 2026 and 20 February 2025. They are the non-statutory combined financial statements of NorthStandard and NorthStandard Re.

These combined financial statements have been prepared in accordance with the recognition, measurement and presentation (other than disclosure) principles of 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') and Financial Reporting Standard 103 Insurance Contracts ('FRS 103'). However, whilst the financial information included in these combined financial statements has been computed in accordance with UK GAAP, these financial statements do not themselves contain sufficient information to comply with UK GAAP and UK company law.

UK GAAP compliant financial statements can be found in NorthStandard's Directors' Report which is available on the Club's website.

All companies within the Club prepare financial information in accordance with UK GAAP with the exception of NorthStandard Re. NorthStandard Re prepares its non-statutory financial statements in accordance with its own accounting policies as described in those financial statements. A conversion to UK GAAP has not been performed as the figures are considered as being appropriate for inclusion in the combined financial statements.

The combined financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and financial instruments.

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 Associations' accounting policies.

1.2 Combination

The combined financial statements combine the consolidated financial statements of NorthStandard and the non-statutory financial statements of NorthStandard Re made up to 20 February each year.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by NorthStandard. All intra-group transactions, balances, income and expenses are eliminated on consolidation or combination.

1.3 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 Club.

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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

1.4 Foreign currency translation

The combined financial statements are presented in millions of US Dollars, which is the functional currency of NorthStandard and NorthStandard Re.

A Club 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.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. 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 transaction.

1.5 Property, plant and equipment

Land and buildings comprise the offices owned by NorthStandard. 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's 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 are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation reserve. Decreases that offset previous increases of the same asset and other decreases are charged to the revaluation reserve in the first instance.

Depreciation on property, plant and equipment is calculated to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Land	No depreciation charged
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

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate.

An asset's carrying amount is written down immediately through the Income Statement to its recoverable amount if the asset's 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.

1.6 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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

1.7 Investments

Financial assets at fair value through income
NorthStandard classify their investments as financial assets at fair value through profit or loss. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date. Financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise.

Regular purchases and sales of investments are recognised on trade date, the date on which NorthStandard commit to purchase or sell the asset. Investments are initially recognised at fair value. Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and NorthStandard have also transferred substantially all risks and rewards of ownership.

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. Within the discretionary portfolio, the fair values of quoted investments are based on current bid prices.

Derivative financial instruments
The Club holds derivative financial instruments to hedge its foreign currency exposure and to support the investment return. Derivatives are categorised as held for trading and are classified as financial assets or financial liabilities at 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.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Associations intend to sell in the short term or that they have designated as at fair value through income or available-for-sale. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

1.8 Impairment of assets

NorthStandard assesses at each reporting date whether there is any objective evidence that a financial asset or non-financial asset is impaired. 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 includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

1.10 Revenue and expense recognition

Premium income
All elements of revenue arising from insurance contracts and other related services offered by the Associations are recognised on an accruals basis in the accounting period in which the contract is related or services are rendered. NorthStandard's policy year runs from noon GMT on any 20 February to noon GMT on the following 20 February. NorthStandard's financial year is coterminous with its policy year for the mutual business, but this is not the case for some of NorthStandard's diversified business lines where adjustments are made for unearned premium.

Reinsurance premiums and recoveries
Reinsurance premiums, less returns, 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. Recoveries under policies purchased by the Associations are accrued so as to match the relevant gross claims and associated provisions and reserves upon which the Associations are entitled to make recoveries.

Claims 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.

Claims reserves are estimated on an undiscounted basis. Any changes to the amounts held are adjusted through the Income Statement. 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. Claims reserves include a provision for incurred but not reported claims and an uplift to ensure outstanding claims are at a best estimate. Included within the provision is an allowance for the future costs of handling those claims. This is estimated based on past experience and current expectations of future cost levels.

The reinsurers' share represents recoveries received from reinsurance protections in the period plus recoveries receivable now or in the future against claims paid or payable that have not been received at the statement of financial position date, net of any provision for bad debt.

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.

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 accounted for in the financial year in which they are earned.

Retirement benefit schemes
NorthStandard operates 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, being invested with professional managers.

The NorthStandard and SMI defined benefit schemes were closed to new members on 31 March 2006 and 1 July 2008 respectively.

Both the NorthStandard scheme and the SMI scheme were 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 COMBINED FINANCIAL STATEMENTS (CONTINUED)

Leases
The Club 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 Club 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
Corporation Tax is provided on relevant income. 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 balance sheet 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.

(All amounts in US Dollar millions unless otherwise stated)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. SEGMENTAL ANALYSIS BY CLASS

The segment financial positions for the year ended 20 February 2026 are shown below:

Statement of Financial Position **20 February 2026**	Note	**P&I**	**Other**	**Total**
ASSETS				
Property, plant and equipment		39.5	3.2	42.7
Reinsurers' share of technical provision				
Provision for unearned premium		23.4	10.2	33.6
Claims outstanding		773.3	19.1	792.4
Financial assets				
Equity securities				
- at fair value through profit and loss	3	357.5	-	357.5
Collective investment vehicles				
- at fair value through profit and loss	3	460.3	16.1	476.4
Debt securities and other fixed income securities				
- at fair value through profit and loss	3	1,075.3	-	1,075.3
Loans and receivables including insurance and reinsurance receivables		142.4	110.8	253.2
Deferred tax asset		0.1	0.2	0.3
Retirement benefit asset		9.5	-	9.5
Cash and cash equivalents	4	205.6	87.2	292.8
Total assets		**3,086.9**	**246.8**	**3,333.7**
Accumulated Surplus				
Income and expenditure account	13	650.7	269.7	920.4
Revaluation reserve	13	0.3	1.7	2.0
Total accumulated surplus		**651.0**	**271.4**	**922.4**
LIABILITIES				
Technical provision				
Provision for unearned premium		10.0	79.4	89.4
Claims outstanding		1,944.5	148.6	2,093.1
Derivative financial instruments		0.3	-	0.3
Reinsurance payables		63.4	16.5	79.9
Trade and other payables		135.9	12.7	148.6
Interclass		281.8	(281.8)	-
Total liabilities		**2,435.9**	**(24.6)**	**2,411.3**
Total accumulated surplus and liabilities		**3,086.9**	**246.8**	**3,333.7**

(All amounts in US Dollar millions unless otherwise stated)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

The segment results for the year ended 20 February 2026 are shown below:

Income Statement **20 February 2026**	Note	**P&I**	**Other**	**Total**
Insurance premium revenue		748.6	200.5	949.1
Insurance premium ceded to reinsurers	5	(188.9)	(33.2)	(222.1)
		559.7	167.3	727.0
Change in provision for unearned premium		(5.1)	(5.7)	(10.8)
Reinsurers' share of change in unearned premium		(0.9)	0.2	(0.7)
		(6.0)	(5.5)	(11.5)
Investment income		46.9	6.5	53.4
Net fair value gains at fair value through profit and loss	6	115.1	3.3	118.4
Other gains/(losses)	7	0.4	(0.2)	0.2
Other operating income		-	1.7	1.7
Net income		**716.1**	**173.1**	**889.2**
Insurance claims and loss adjustment expenses	8	(699.1)	(108.6)	(807.7)
Insurance claims and loss adjustment expenses recovered from reinsurers	9	167.6	9.0	176.6
Net insurance claims		(531.5)	(99.6)	(631.1)
Expenses for the acquisition of insurance and investment contracts	10	(36.0)	(35.4)	(71.4)
Expenses for marketing and administration	11	(39.2)	(15.1)	(54.3)
Expenses for asset management services rendered		(2.9)	-	(2.9)
Operating expenses		(78.1)	(50.5)	(128.6)
Reinsurance commission		-	1.9	1.9
Total expenses		**(609.6)**	**(148.2)**	**(757.8)**
Results of operating activities		106.5	24.9	131.4
Finance income/(expense)	12	3.8	(1.5)	2.3
Surplus before tax		110.3	23.4	133.7
Tax expense		(10.3)	(2.5)	(12.8)
Surplus for the year		**100.0**	**20.9**	**120.9**
Other comprehensive income		1.5	-	1.5
Total movement in reserves for the year, net of tax		**101.5**	**20.9**	**122.4**

(All amounts in US Dollar millions unless otherwise stated)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

The segment financial positions for the year ended 20 February 2025 are shown below:

Statement of Financial Position **20 February 2025**	Note	**P&I**	**Other**	**Total**
ASSETS				
Property, plant and equipment		38.1	3.2	41.3
Reinsurers' share of technical provision				
Provision for unearned premium		24.3	9.9	34.2
Claims outstanding		781.3	16.8	798.1
Financial assets				
Equity securities				
- at fair value through profit and loss	3	208.4	15.1	223.5
Collective investment vehicles				
- at fair value through profit and loss	3	835.8	62.6	898.4
Debt securities and other fixed income securities				
- at fair value through profit and loss	3	648.5	-	648.5
Loans and receivables including insurance and reinsurance receivables		160.2	92.8	253.0
Deferred tax asset		2.8	0.2	3.0
Retirement benefit asset		3.1	-	3.1
Cash and cash equivalents	4	139.0	92.4	231.4
Total assets		**2,841.5**	**293.0**	**3,134.5**
Accumulated Surplus				
Income and expenditure account	13	549.2	248.8	798.0
Revaluation reserve	13	0.3	1.7	2.0
Total accumulated surplus		**549.5**	**250.5**	**800.0**
LIABILITIES				
Technical provision				
Provision for unearned premium		5.0	73.6	78.6
Claims outstanding		1,918.6	149.5	2,068.1
Derivative financial instruments		1.5	-	1.5
Reinsurance payables		53.7	11.2	64.9
Trade and other payables		110.1	11.3	121.4
Interclass		203.1	(203.1)	-
Total liabilities		**2,292.0**	**42.5**	**2,334.5**
Total accumulated surplus and liabilities		**2,841.5**	**293.0**	**3,134.5**

(All amounts in US Dollar millions unless otherwise stated)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

The segment results for the year ended 20 February 2025 are shown below:

Income Statement 20 February 2025	Note	**P&I**	**Other**	**Total**
Insurance premium revenue		699.2	198.6	897.8
Insurance premium ceded to reinsurers	5	(162.8)	(30.8)	(193.6)
		536.4	167.8	704.2
Change in provision for unearned premium		(5.0)	(7.0)	(12.0)
Reinsurers' share of change in unearned premium		4.5	(1.0)	3.5
		(0.5)	(8.0)	(8.5)
Investment income		23.6	4.8	28.4
Net fair value gains at fair value through profit and loss	6	73.3	6.7	80.0
Other gains/(losses)	7	0.6	(0.7)	(0.1)
Other operating income		-	1.5	1.5
Net income		**633.4**	**172.1**	**805.5**
Insurance claims and loss adjustment expenses	8	(980.2)	(90.9)	(1,071.1)
Insurance claims and loss adjustment expenses recovered from reinsurers	9	387.8	13.8	401.6
Net insurance claims		(592.4)	(77.1)	(669.5)
Expenses for the acquisition of insurance and investment contracts	10	(31.8)	(33.0)	(64.8)
Expenses for marketing and administration	11	(46.4)	(12.6)	(59.0)
Expenses for asset management services rendered		(3.0)	-	(3.0)
Operating expenses		(81.2)	(45.6)	(126.8)
Reinsurance commission		-	1.6	1.6
Total expenses		**(673.6)**	**(121.1)**	**(794.7)**
Results of operating activities		(40.2)	51.0	10.8
Finance expense	12	(9.5)	(3.8)	(13.3)
(Deficit)/surplus before tax		(49.7)	47.2	(2.5)
Tax expense		(0.9)	(2.4)	(3.3)
(Deficit)/surplus for the year		**(50.6)**	**44.8**	**(5.8)**
Other comprehensive income		3.2	-	3.2
Total movement in reserves for the year, net of tax		**(47.4)**	**44.8**	**(2.6)**

(All amounts in US Dollar millions unless otherwise stated)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Insurance premium revenue by segment is shown below:

Year ended 20 February 2026	**P&I**	**FD&D**	**Hull**	**War**	**Strike**	**Other**	**Total**
Insurance premium revenue	748.6	29.4	49.3	6.5	27.3	88.0	949.1

Year ended 20 February 2025	**P&I**	**FD&D**	**Hull**	**War**	**Strike**	**Other**	**Total**
Insurance premium revenue	699.2	28.9	49.1	7.0	26.2	87.4	897.8

3. Fair value securities

Year ended 20 February 2026	**P&I**	**Other**	**Total**
Market value			
Equity securities - at fair value through income	357.5	-	357.5
Collective investment vehicles - at fair value through income	460.3	16.1	476.4
Debt securities and other fixed income securities – at fair value through income	1,075.3	-	1,075.3
	1,893.1	**16.1**	**1,909.2**
Cost			
Equity securities - at fair value through income	289.5	-	289.5
Collective investment vehicles - at fair value through income	424.0	-	424.0
Debt securities and other fixed income securities – at fair value through income	1,059.6	-	1,059.6
	1,773.1	**-**	**1,773.1**

Year ended 20 February 2025	**P&I**	**Other**	**Total**
Market value			
Equity securities - at fair value through income	208.4	15.1	223.5
Collective investment vehicles - at fair value through income	835.8	62.6	898.4
Debt securities and other fixed income securities – at fair value through income	648.5	-	648.5
	1,692.7	**77.7**	**1,770.4**
Cost			
Equity securities - at fair value through income	185.0	12.5	197.5
Collective investment vehicles - at fair value through income	780.3	58.3	838.6
Debt securities and other fixed income securities – at fair value through income	652.2	-	652.2
	1,617.5	**70.8**	**1,688.3**

4. Cash and cash equivalents

Year ended 20 February 2026	**P&I**	**Other**	**Total**
Cash at bank and in hand	124.4	27.9	152.3
Short-term bank deposits	49.0	59.3	108.3
Money market funds	32.2	-	32.2
	205.6	**87.2**	**292.8**

Year ended 20 February 2025	**P&I**	**Other**	**Total**
Cash at bank and in hand	89.8	36.1	125.9
Short-term bank deposits	47.7	56.3	104.0
Money market funds	1.5	-	1.5
	139.0	**92.4**	**231.4**

(All amounts in US Dollar millions unless otherwise stated)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. Insurance premium ceded to reinsurers

Year ended 20 February 2026	**P&I**	**Other**	**Total**
Market	91.4	33.2	124.6
International Group	97.5	-	97.5
	188.9	**33.2**	**222.1**

Year ended 20 February 2025	**P&I**	**Other**	**Total**
Market	64.6	30.8	95.4
International Group	98.2	-	98.2
	162.8	**30.8**	**193.6**

6. Net fair value gains at fair value through income

Year ended 20 February 2026	**P&I**	**Other**	**Total**
Collective Investment Vehicles, debt securities and other fixed income securities			
Net realised gains	63.8	4.1	67.9
Net movement on unrealised gains / (losses)	0.3	(1.5)	(1.2)
	64.1	**2.6**	**66.7**
Equity securities			
Net realised gains	7.4	0.4	7.8
Net movement on unrealised gains	42.4	0.3	42.7
	49.8	**0.7**	**50.5**
Derivative hedging	1.2	-	1.2
	115.1	**3.3**	**118.4**

Year ended 20 February 2025	**P&I**	**Other**	**Total**
Collective Investment Vehicles, debt securities and other fixed income securities			
Net realised gains	11.5	1.9	13.4
Net movement on unrealised gains	46.6	2.7	49.3
	58.1	**4.6**	**62.7**
Equity securities			
Net realised gains	10.8	1.1	11.9
Net movement on unrealised gains	7.1	1.0	8.1
	17.9	**2.1**	**20.0**
Derivative hedging	(2.7)	-	(2.7)
	73.3	**6.7**	**80.0**

(All amounts in US Dollar millions unless otherwise stated)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

7. Other gains / (losses)

Year ended 20 February 2026	**P&I**	**Other**	**Total**
Other income / (expense)	0.4	(0.2)	0.2

Year ended 20 February 2025	**P&I**	**Other**	**Total**
Other income / (expense)	0.6	(0.7)	(0.1)

8. Insurance Claims and Loss Adjustment Expenses

Year ended 20 February 2026	**P&I**	**Other**	**Total**
Gross claims paid			
Members' claims	384.6	98.6	483.2
Pooling agreement	210.9	-	210.9
Claims handling costs	79.8	15.4	95.2
	675.3	**114.0**	**789.3**
Movements in gross outstanding claims			
Members' claims	38.8	(5.4)	33.4
Pooling agreement	(15.0)	-	(15.0)
	23.8	**(5.4)**	**18.4**
Total gross claims	**699.1**	**108.6**	**807.7**

Year ended 20 February 2025	**P&I**	**Other**	**Total**
Gross claims paid			
Members' claims	367.6	89.9	457.5
Pooling agreement	78.9	-	78.9
Claims handling costs	75.0	16.0	91.0
	521.5	**105.9**	**627.4**
Movements in gross outstanding claims			
Members' claims	438.4	(15.0)	423.4
Pooling agreement	20.3	-	20.3
	458.7	**(15.0)**	**443.7**
Total gross claims	**980.2**	**90.9**	**1,071.1**

(All amounts in US Dollar millions unless otherwise stated)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

9. Insurance Claims and Loss Adjustment Expenses Recovered from Reinsurers

Year ended 20 February 2026	**P&I**	**Other**	**Total**
Reinsurance recoverable on claims paid			
Claims recoverable from other reinsurers	64.4	7.2	71.6
Claims recoverable under the pooling agreement	110.9	-	110.9
Claims recoverable from the Group Excess Loss reinsurance	0.9	-	0.9
	176.2	7.2	183.4
Movements in reinsurance recoverable on outstanding claims			
Recoveries due from other reinsurers	(4.0)	1.8	(2.2)
Recoveries due under the pooling agreement	(75.4)	-	(75.4)
Recoveries due from the Group Excess Loss reinsurance	70.8	-	70.8
	(8.6)	1.8	(6.8)
	167.6	**9.0**	**176.6**

Year ended 20 February 2025	**P&I**	**Other**	**Total**
Reinsurance recoverable on claims paid			
Claims recoverable from other reinsurers	(64.9)	16.4	(48.5)
Claims recoverable under the pooling agreement	56.1	-	56.1
Claims recoverable from the Group Excess Loss reinsurance	40.7	-	40.7
	31.9	16.4	48.3
Movements in reinsurance recoverable on outstanding claims			
Recoveries due from other reinsurers	188.2	(2.6)	185.6
Recoveries due under the pooling agreement	110.7	-	110.7
Recoveries due from the Group Excess Loss reinsurance	57.0	-	57.0
	355.9	(2.6)	353.3
	387.8	**13.8**	**401.6**

10. Expenses for the Acquisition of Insurance and Investment Contracts

Year ended 20 February 2026	**P&I**	**Other**	**Total**
Brokerage	-	26.8	26.8
Acquisition costs	36.0	8.6	44.6
	36.0	**35.4**	**71.4**

Year ended 20 February 2025	**P&I**	**Other**	**Total**
Brokerage	0.1	26.0	26.1
Acquisition costs	31.7	7.0	38.7
	31.8	**33.0**	**64.8**

(All amounts in US Dollar millions unless otherwise stated)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

10. Expenses for the Acquisition of Insurance and Investment Contracts (continued)

In accordance with Schedule 3 of the International Group Agreement 1999 NorthStandard is required to disclose its Average Expense Ratio for P&I business for the five years ended 20 February 2026. The Ratio of 16.7% (2025: 16.6%) has been calculated in accordance with the Schedule and the guidelines issued by the International Group and is consistent with the relevant financial statements of NorthStandard and NorthStandard Re.

11. Expenses for Marketing and Administration

Year ended 20 February 2026	**P&I**	**Other**	**Total**
Gross marketing and administration expenses	155.0	39.1	194.1
Acquisition costs	(36.0)	(8.6)	(44.6)
Claims handling costs	(79.8)	(15.4)	(95.2)
	39.2	**15.1**	**54.3**

Year ended 20 February 2025	**P&I**	**Other**	**Total**
Gross marketing and administration expenses	153.1	35.6	188.7
Acquisition costs	(31.7)	(7.0)	(38.7)
Claims handling costs	(75.0)	(16.0)	(91.0)
	46.4	**12.6**	**59.0**

12. Finance Income and Expenditure

Year ended 20 February 2026	**P&I**	**Other**	**Total**
Other income / (expense)	3.8	(1.5)	2.3

Year ended 20 February 2025	**P&I**	**Other**	**Total**
Other expense	(9.5)	(3.8)	(13.3)

13. Reserves

All Classes	**I&E Account**	**Revaluation Reserve**	**Total Equity**
At 20 February 2025	**798.0**	**2.0**	**800.0**
Total comprehensive income for the year	122.4	-	122.4
At 20 February 2026	**920.4**	**2.0**	**922.4**

(All amounts in US Dollar millions unless otherwise stated)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

COMBINED P&I CLASS POLICY YEAR STATEMENT

	Closed Years	**2023/ 2024**	**2024/ 2025**	**2025/ 2026**	**Total**
Mutual & fixed premium					
Invoiced in prior years		668.8	693.0	-	1,361.8
Invoiced in current year		0.8	11.4	732.3	744.5
		669.6	704.4	732.3	2,106.3
Reinsurance premium		(151.2)	(166.3)	(184.0)	(501.5)
		518.4	538.1	548.3	1,604.8
Investment income, gains on sale of investments and exchange movements		37.3	98.1	175.3	310.7
		555.7	636.2	723.6	1,915.5
Net member claims paid		(197.9)	(136.0)	(44.1)	(378.0)
Net pool claims paid		(14.0)	(116.3)	(58.5)	(188.8)
Expenses & tax		(139.6)	(149.1)	(175.7)	(464.4)
Balances available for outstanding claims		**204.2**	**234.8**	**445.3**	**884.3**
Gross outstanding claims					
Members	(621.3)	(154.5)	(394.5)	(505.2)	(1,675.5)
Pooling agreement	(110.3)	(37.8)	(50.6)	(70.3)	(269.0)
	(731.6)	(192.3)	(445.1)	(575.5)	(1,944.5)
Reinsurance amount					
Recoveries due from other reinsurers	140.2	20.9	102.0	129.3	392.4
Recoveries due under the pooling agreement	62.6	29.0	68.3	44.6	204.5
Recoveries due from the Group Excess Loss Reinsurance	102.0	-	14.3	60.1	176.4
	304.8	49.9	184.6	234.0	773.3
Net outstanding claims	**(426.8)**	**(142.4)**	**(260.5)**	**(341.5)**	**(1,171.2)**
Surplus available on closed years	937.9				937.9
Surplus / (deficit) at 20 February 2026	**511.1**	**61.8**	**(25.7)**	**103.8**	**651.0**
Surplus / (deficit) at 20 February 2025	**507.4**	**68.4**	**(26.3)**	**-**	**549.5**

(All amounts in US Dollar millions unless otherwise stated)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

NOTES TO THE COMBINED P&I CLASS POLICY YEAR STATEMENT

Investment income
Investment income, gains and losses on sales of investments and exchange movements are allocated to the current policy year.

Fixed premium and non-poolable business
Of the $732.3m of calls and premiums on the 2025 P&I policy year, $160.4m represents non-poolable business which is all fixed premium. The comparative figures for 2024 are $693.0m and $106.6m, and for 2023 $665.2m and $141.6m.

Supplementary calls
The approximate yield of a 10% additional call on the open policy years would be:

2023/24	US$ 52.5 million
2024/25	US$ 51.0 million
2025/26	US$ 55.6 million

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