

FORTEGRA EUROPE INSURANCE COMPANY SE

**Directors Report and Financial Statements**

For year ended 31 December 2025

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

---

**CONTENTS**

	<b>Pages</b>
<b>GENERAL INFORMATION</b>	<b>2</b>
<b>DIRECTORS' REPORT</b>	<b>3-4</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>5-10</b>
<b>STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>11</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>12</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>13</b>
<b>STATEMENT OF CASHFLOWS</b>	<b>14</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>15-66</b>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

---

**GENERAL INFORMATION**

**Registration**

Fortegra Europe Insurance Company SE (the “Company”) is registered in Malta as a Societas Europaeas (‘SE’) under the Companies Act, Cap. 386 of the Laws of Malta. The Company’s registration number is SE 17. The Company is licensed by the Malta Financial Services Authority as an insurance company in terms of the Insurance Business Act, Cap. 403 of the Laws of Malta. The Company was incorporated on 1 February 2018.

**Directors**

Mr. Richard Kahlbaugh - Chairman  
Mr. Michael Vrbán  
Mr. Sanjay Vara  
Mr. Michael Gatt  
Mr. Kevin Vella  
Mr. Francis Colalucci  
Ms. Janie Hartley  
Mr. Ed Peña (Appointed – 6 June 2025)

**Company Secretary**

Mr. Brian Borg

**Registered Office**

Office 13, SOHO Office, The Strand  
Fawwara Building, Triq l-Imsida  
Gzira, GZR 1401  
Malta

**Bankers**

Barclays PLC  
P.O. Box 9, Barclays House,  
Victoria Street,  
Douglas, Isle of Man,  
United Kingdom, IM99 1AJ

Fifth Third Bank,  
38, Fountain Square Plaza,  
Cincinnati, OH 45263  
United States

**Auditors**

Deloitte Audit Limited,  
Deloitte Place,  
Triq l-Intornjatur, Zone 3  
Central Business District, CBD 3050  
Birkirkara  
Malta

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

---

**DIRECTORS' REPORT**

The Directors present their report and the financial statements of the Company for the year ended 31 December 2025.

**Principal activity**

The principal activity of the Company is the transaction of general insurance business of insurance in terms of the Insurance Business Act, 1998 (Chapter 403, Laws of Malta). The Company is licensed to transact general insurance business falling within Class 3 - Land vehicles, Class 8 - Fire and natural forces, Class 9 - Other damage to property, Class 16 - Miscellaneous financial loss and Class 18 - Assistance.

**Results for the period**

The statement of profit or loss and other comprehensive income is shown on page 5.

During the financial year under review, the Company registered a profit before tax of €13.2m (2024: €2.5m). Insurance revenue totalled €150.5m (2024: €141.7m) and Insurance service result from contracts issued amounted to €11.6m (2024: €1.7m).

**Dividends**

During the year under review, the Company distributed €25m (2024: €15.0m) in net dividends. The directors do not recommend the payment of a final dividend.

**Risk management**

The principal risks facing the Company and its policies for managing those risks are set out in Note 25 of the notes to these financial statements.

**Events after the reporting date**

There are no events to report after the reporting date.

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

---

**DIRECTORS' REPORT**

**Directors**

The Directors who held office during the year ended 31 December 2025 and to the date of this report are listed on page 2. In accordance with the Company's memorandum and articles of association, all the Directors are to remain in office.

**Statement of Directors' responsibilities**

The Maltese Companies Act, 1995 (Chapter 386, Laws of Malta) and the Insurance Business Act, 1998 (Chapter 403, Laws of Malta) requires the Directors of the Company to prepare financial statements for each financial period which give a true and fair view of the financial position of the Company as at the end of the financial period and of the profit or loss of the Company for that period in accordance with the requirements of IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) as adopted by the European Union (EU).

In preparing financial statements, the Directors are responsible for:

- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Maltese Companies Act, 1995 and the Insurance Business Act, 1998.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors, through oversight of management, are responsible to ensure that the Company establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Management is responsible, with oversight from the Directors, to establish a control environment and maintain policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the Company's business. This responsibility includes establishing and maintaining controls pertaining to the Company's objective of preparing financial statements as required by the Act and managing risks that may give rise to material misstatements in those financial statements. In determining which controls to implement to prevent and detect fraud, the management considers the risks that the financial statements may be materially misstated as a result of fraud.

**Auditors**

Deloitte Audit Limited have indicated their willingness to continue in office and their re-appointment will be discussed at the Annual General Meeting.

Approved by the Board of Directors on 7 April 2026 and signed on its behalf by:



**RICHARD KAHLBAUGH**  
Chairman



**MICHAEL VRBAN**  
Director

## Independent auditor's report

to the members of

**Fortegra Europe Insurance Company SE**

### *Report on the Audit of the Financial Statements*

#### **Opinion**

We have audited the financial statements of Fortegra Europe Insurance Company SE (the "Company"), set out on pages 11 to 66, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of the Company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as adopted by the European Union and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386) and the Insurance Business Act (Cap. 403).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants including International Independence Standards* (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (Maltese Code) that is relevant to our audit of the financial statements of public interest entities in Malta. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In conducting our audit, we have remained independent of the Company and have not provided any of the non-audit services prohibited by article 18A(1) of the Accountancy Profession Act (Cap. 281).

Deloitte Audit Limited is a limited liability company registered in Malta with registered office at Deloitte Place, Triq l-Intornjatur, Central Business District, CBD 3050, Malta. Deloitte Audit Limited forms part of Deloitte Malta. Deloitte Malta consists of (i) Deloitte, a civil partnership regulated in terms of the laws of Malta, constituted between limited liability companies, operating at Deloitte Place, Triq l-Intornjatur, Zone 3, Central Business District, Birkirkara CBD 3050, Malta and (ii) the affiliated operating entities: Deloitte Advisory and Technology Limited (C23487), Deloitte Audit Limited (C51312), Deloitte Corporate Services Limited (C103276), Deloitte Tax Services Limited (C51320) and iMovo Limited (C50760), all limited liability companies registered in Malta with registered offices at Deloitte Place, Triq l-Intornjatur, Zone 3, Central Business District, Birkirkara CBD 3050, Malta. Deloitte Corporate Services Limited is authorised to act as a Company Service Provider by the Malta Financial Services Authority. Deloitte Audit Limited is authorised to provide audit services in Malta in terms of the Accountancy Profession Act. Deloitte Malta is an affiliate of Deloitte Central Mediterranean S.r.l., a company limited by guarantee registered in Italy with registered number 09599600963 and its registered office at Via Santa Sofia no. 28, 20122, Milan, Italy. For further details, please visit [www.deloitte.com/mt/about](http://www.deloitte.com/mt/about).

Deloitte Central Mediterranean S.r.l. is the affiliate for the territories of Italy, Greece and Malta of Deloitte NSE LLP, a UK limited liability partnership and member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL, Deloitte NSE LLP and Deloitte Central Mediterranean S.r.l. do not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

Deloitte Legal is an association of advocates warranted to practise law in Malta and is exclusively authorised to provide legal services, in Malta, under the Deloitte brand.

## Independent auditor's report (continued)

to the members of

**Fortegra Europe Insurance Company SE**

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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. The key audit matter described below was 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 this matter.

### Valuation of the liability for remaining coverage

As at 31 December 2025, the Company's liability for remaining coverage ("LRC") amounted to EUR121.2 million. The valuation of the Company's LRC is material to the Company and accounts for 80.3% of total liabilities as at 31 December 2025.

The LRC is comprised of:

- The present value of future cash flows ("PVFCF"), made up of estimated future cash flows, adjusted to reflect the time value of money and financial risks;
- A risk adjustment for non-financial risk; and
- The contractual service margin ("CSM"), which represents the unearned profit the Company will recognize as it provides service under the related insurance contract.

A significant amount of judgement is required in measuring the LRC, in particular the PVFCF, which requires the application of assumptions which are subject to a high degree of uncertainty.

Our audit approach included the following:

- Testing the completeness and accuracy of the data used by the Company for the purpose of determining the PVFCF;
- Reviewing and challenging the reasonableness of the assumptions and methodologies adopted by the Company's actuary for the estimation of the PVFCF, with the involvement of our internal actuarial specialists;
- Reperforming the calculation of the CSM component at initial recognition for a sample of cohorts, and reviewing the analysis of movement of the CSM;
- Evaluating the appropriateness of the risk adjustment components of the LRC and performing an independent recalculation; and
- Assessing the adequacy of disclosures made in the financial statements in relation to insurance contract liabilities.

The disclosures about the liability for remaining coverage are disclosed in notes 2 and 8 to the financial statements.

### Information Other than the Financial Statements and the Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the company information on page 2, the information included in the Directors' report on pages 3 to 4, and the Statement of directors' responsibilities on page 4, but does not include the financial statements and our auditor's report thereon.

Except for our opinion on the Directors' report in accordance with the Companies Act (Cap. 386), our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **Independent auditor's report (continued)**

to the members of

**Fortegra Europe Insurance Company SE**

### **Information Other than the Financial Statements and the Auditor's Report Thereon (continued)**

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386).

In accordance with the requirements of sub-article 179(3) of the Maltese Companies Act (Cap. 386) in relation to the Directors' report on pages 3 to 4, in our opinion, based on the work undertaken in the course of the audit:

- The information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with those financial statements; and
- The Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

### **Responsibilities of the Directors for the Financial Statements**

As explained more fully in the Statement of directors' responsibilities on page 4, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and the requirements of the Maltese Companies Act (Cap. 386), and the Insurance Business Act (Cap. 403), and 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

This report, including the opinions set out herein, has been prepared for the Company's members as a body in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386).

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 opinions in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386). Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent auditor's report (continued)

to the members of

**Fortegra Europe Insurance Company SE**

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

In terms of article 179A(4) of the Companies Act (Cap. 386), the scope of our audit does not include assurance on the future viability of the Company or on the efficiency or effectiveness with which the directors have conducted or will conduct the affairs of the Company. The financial position of the Company may improve, deteriorate, or otherwise be subject to change as a consequence of decisions taken, or to be taken, by its directors, or may be impacted by events occurring after the date of this opinion, including, but not limited to, events of force majeure.

As such, our audit report on the Company's historical financial statements is not intended to facilitate or enable, nor is it suitable for, reliance by any person, in the creation of any projections or predictions, with respect to the future financial health and viability of the Company, and cannot therefore be utilised or relied upon for the purpose of decisions regarding investment in, or otherwise dealing with (including but not limited to the extension of credit), the Company. Any decision-making in this respect should be formulated on the basis of a separate analysis, specifically intended to evaluate the future prospects of the Company and to identify any facts or circumstances that may be materially relevant thereto.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern. Accordingly, in terms of generally accepted auditing standards, the absence of any reference to a material uncertainty about the Company's ability to continue as a going concern in our auditor's report should not be viewed as a guarantee as to the Company's ability to continue as a going concern.

## **Independent auditor's report (continued)**

to the members of

**Fortegra Europe Insurance Company SE**

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

For the avoidance of doubt, any conclusions concerning the adequacy of the capital structure of the Company, including the formulation of a view as to the manner in which financial risk is distributed between shareholders and/or creditors cannot be reached on the basis of these financial statements alone and must necessarily be based on a broader analysis supported by additional information.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### ***Report on Other Legal and Regulatory Requirements***

#### **Matters on which we are required to report by exception under the Companies Act**

Under the Maltese Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- proper accounting records have not been kept;
- proper returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns; or
- we have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

We have nothing to report to you in respect of these responsibilities.

## **Independent auditor's report (continued)**

to the members of

**Fortegra Europe Insurance Company SE**

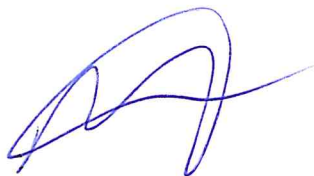
### **Auditor tenure**

We were first appointed to act as statutory auditor of the Company by the members of the Company on 17 April 2018 for the financial year ended 31 December 2018. Accordingly, the period of total uninterrupted engagement as statutory auditor including previous reappointments of the firm is 8 financial years.

### **Consistency of the audit report with the additional report to the Board of Directors**

Our audit opinion is consistent with the additional report to the Board of Directors in accordance with the provisions of Article 11 of EU Regulation No. 537/2014.

The audit report was drawn up on 7 April 2026 and signed by:



Mark Giorgio as Director  
in the name and on behalf of

**Deloitte Audit Limited**

Registered auditor

Central Business District, Birkirkara, Malta.

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the year ended 31 December 2025**

	Notes	2025 EUR €000's	2024 EUR €000's
Insurance revenue	3	150,532	141,687
Insurance service expenses	4	(124,487)	(134,628)
<b>Insurance service result from insurance contracts issued</b>		<b>26,045</b>	<b>7,059</b>
Net expenses from reinsurance contracts held	5	(14,407)	(5,339)
<b>Insurance service result</b>		<b>11,638</b>	<b>1,720</b>
Finance income – interest income	6	3,910	4,033
Realised gain /(loss) on investments		1,019	(1,027)
Unrealised gain /(loss) on investments		1,685	(405)
<b>Net investment income</b>		<b>6,614</b>	<b>2,601</b>
Insurance finance income/(expenses) from insurance contracts issued	6	(9,778)	(3,714)
Finance income/(expenses) from reinsurance contracts held	6	4,286	1,816
<b>Net insurance finance expenses/income</b>		<b>(5,492)</b>	<b>(1,898)</b>
<b>Net insurance and investment result</b>		<b>12,760</b>	<b>1,999</b>
Other income		474	60
Profit before tax		13,234	2,483
Income tax expenses	17	(3,183)	(484)
<b>Profit for the year</b>		<b>10,052</b>	<b>1,999</b>
<b>Other comprehensive income for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange differences on translation of foreign operations		(15,526)	2,820
<b>Total comprehensive (loss)/ income for the year</b>		<b>(5,474)</b>	<b>4,819</b>

*The accounting policies and explanatory notes on pages 9 to 60 form an integral part of the financial statements.*

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**


**STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2025**

	Notes	2025 EUR €000's	2024 EUR €000's
<b>Assets</b>			
Cash and cash equivalents	19	16,340	28,616
Trade and other receivables	20	19,344	8,569
Investments in financial assets	18	98,708	115,968
Asset for insurance acquisition cashflows	15	1,914	3,126
Reinsurance contract assets	11	48,752	66,470
<b>Total assets</b>		<b>185,058</b>	<b>222,750</b>
<b>Liabilities</b>			
Trade and other payables	22	3,829	3,379
Insurance contract liabilities	8	147,069	154,609
Deferred tax liability	21	-	126
<b>Total liabilities</b>		<b>150,898</b>	<b>158,114</b>
<b>Equity</b>			
<b>Capital and reserves</b>			
Issued share capital	23	6,055	6,055
Capital contribution		35,269	35,269
Retained earnings/ (losses)		(2,883)	12,065
Translation reserve		(4,281)	11,246
<b>Total equity</b>		<b>34,160</b>	<b>64,636</b>
<b>Total liabilities and equity</b>		<b>185,058</b>	<b>222,750</b>

*The accounting policies and explanatory notes on pages 9 to 60 form an integral part of the financial statements.*

The financial statements on pages 5 to 60 have been authorised for issue by the Board of Directors on 7 April 2026 and signed on its behalf by:

  
**RICHARD KAHLBAUGH**  
Chairman

  
**MICHAEL VRBAN**  
Director

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2025**

	Share capital EUR €000's	Capital contribution EUR €000's	Retained Earnings EUR €000's	Translation reserve EUR €000's	Total EUR €000's
Balance at 1 January 2025	6,055	35,269	12,065	11,245	64,635
Net reporting currency differences arising on translation from functional currency to presentation currency	-	-	-	(15,526)	(15,526)
Profit for the year net of tax	-	-	10,052	-	10,052
Dividends paid (note 24)	-	-	(25,000)	-	(25,000)
<b>Total Comprehensive income for the year and movements in reserves</b>	-	-	<b>(14,948)</b>	<b>(15,526)</b>	<b>(30,474)</b>
Balance at 31 December 2025	6,055	35,269	(2,883)	(4,281)	34,161

	Share capital EUR €000's	Capital contribution EUR €000's	Retained Earnings EUR €000's	Translation reserve EUR €000's	Total EUR €000's
Balance at 1 January 2024	6,055	35,269	25,066	8,426	74,816
Net reporting currency differences arising on translation from functional currency to presentation currency	-	-	-	2,819	2,819
Profit for the year net of tax	-	-	1,999	-	1,999
Dividends paid (note 24)	-	-	(15,000)	-	(15,000)
<b>Total Comprehensive income for the year and movements in reserves</b>	-	-	<b>(13,000)</b>	<b>2,819</b>	<b>(10,182)</b>
Balance at 31 December 2024	6,055	35,269	12,065	11,245	64,635

*The accounting policies and explanatory notes on pages 9 to 60 form an integral part of the financial statements.*

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**STATEMENT OF CASH FLOWS**  
**for the year ended 31 December 2025**

	2025	2024
Note	EUR €000's	EUR €000's
<b>Operating activities</b>		
Profit before tax	13,234	2,483
Adjustments for:		
Interest and investment income	(3,910)	(4,033)
Unrealised gain /(loss) on investments	(1,685)	(405)
	7,639	(1,995)
<b>Operating profit/(loss) before working capital changes</b>		
Movement in other receivables	(10,775)	(1,613)
Movement in insurance acquisition cash flows	1,212	897
Movement in other payables	(2,859)	(9,748)
Movement in insurance contract liabilities	(7,540)	25,488
Movement in reinsurance contract assets	17,718	(7,482)
	5,395	5,887
Cash generated from operations:		
Interest and investment income received	3,910	4,033
<b>Net cash flows from operating activities</b>	9,305	9,620
<b>Investing activities</b>		
Payments for financial assets at FVTPL	(125,172)	(86,203)
Proceeds from sale of financial assets at FVTPL	144,117	68,859
<b>Net cash flows used in investing activities</b>	18,945	(17,344)
<b>Financing activities</b>		
Dividends paid	(25,000)	(15,000)
<b>Net cash flows used in financing activities</b>	(25,000)	(15,000)
Effect of exchange rates on cash and cash equivalents	(15,526)	2,820
<b>Net decrease in cash and cash equivalents</b>	(12,276)	(19,903)
Cash and cash equivalents at the beginning of the year	28,616	48,520
<b>Cash and cash equivalents at the end of the year</b>	16,340	28,617

The accounting policies and explanatory notes on pages 9 to 60 form an integral part of the financial statements.

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

---

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

**1.1 Basis of preparation**

These financial statements are prepared and presented in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) as adopted by the European Union (EU). They have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) and the Insurance Business Act, 1998 (Chapter 403, Laws of Malta). The financial statements are prepared on a going concern basis, under the historical cost convention as modified by the fair valuation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies (see Note 2 - Critical accounting estimates and judgements in applying accounting policies).

Certain amounts recorded in the financial statements reflect estimates and assumptions made by the directors about insurance and reinsurance contract assets and liabilities, investment valuations, interest rates and other factors.

**Standards, interpretations and amendments to published standards effective in 2025**

In 2025, the Company adopted no new standards, amendments and interpretations to existing Standards that are mandatory for the Company's accounting period beginning on or after 1 January 2025. *Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* for annual reporting periods beginning on or after 1 January 2025 were not deemed applicable to the Company.

**Standards, interpretations, and amendments to published standards effective that are not yet effective**

A number of new standards and amendments to standards and interpretations are not yet effective for annual periods beginning on or after 1 January 2025 and have not been applied in preparing these financial statements. The Company is considering the implications of the below standards and amendments on the Company's financial results and position, and the timing of their adoption.

Standards, interpretations, and amendments to published standards	Effectivity
<i>IFRS 18 - Presentation and Disclosure in Financial Statements</i>	Reporting periods beginning on or after 1 January 2027 with earlier application permitted
<i>IFRS 19 - Subsidiaries without Public Accountability: Disclosures</i>	Effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted
<i>Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments</i>	Effective for reporting periods beginning on or after 1 January 2026
<i>Annual Improvements Volume 11</i>	Effective for reporting periods beginning on or after 1 January 2026

The Directors assessed that none of these are expected to have a significant impact on the Company's financial statements upon adoption.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

#### **1.1 Basis of preparation – Continued**

##### **IFRS 9 ‘Financial Instruments’**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset, and the transfer qualifies for derecognition. Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **Classification of financial assets**

By default, all other financial assets are subsequently measured at fair value through profit or loss (‘FVTPL’).

##### **The business model**

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Company’s business model does not depend on management’s intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis. The information considered includes: (a) the stated policies and objectives for the portfolio and the operation of those policies in practice; (b) how the performance of the portfolio is evaluated and reported to the Company’s management; (c) the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; (d) how managers of the business are compensated; and (e) the frequency, value and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - Continued**

#### **IFRS 9 'Financial Instruments' – Continued**

The Company classifies its financial assets into the following two categories: a) financial assets at fair value through profit or loss, and b) financial assets at amortised cost.

#### **Debt instruments measured at amortised cost**

The following financial assets are classified within this category – trade receivables, cash and bank balances and certain other debt investments.

Appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Company's accounting policy on ECLs.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Changes in the carrying amount as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss. On derecognition, any difference between the carrying amount and the consideration received is recognised in profit or loss and is presented separately in the line item 'Gains and losses arising from the derecognition of financial assets measured at amortised cost'.

Interest income is recognised using the effective interest method and is included in the line item 'Investment income'.

Trade receivables which do not have a significant financing component are initially measured at their transaction price and are subsequently stated at their nominal value less any loss allowance for ECLs.

#### **Financial assets measured at FVTPL**

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL. However, a Company may designate an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL.

In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not applied this designation.

Financial assets measured at FVTPL are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses including foreign exchange gains and losses, recognised in profit or loss.

Where applicable, dividend income is recognised with other dividend income, if any, arising on other financial assets within the line item 'Finance income – other income'. Where applicable, interest income

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - Continued**

#### **IFRS 9 'Financial Instruments' - Continued**

is disclosed separately within the line item 'Finance income – interest income'. Fair value gains and losses are recognised within the line items 'Realised gain /(loss) on Investments' or 'Unrealised gain /(loss) on Investments'.

#### **Interest income using the effective interest method**

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding ECLs, through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

#### **Trade payables**

Trade payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

#### **Expected Credit Losses (ECL)**

The Company recognises a loss allowance for ECLs on the following – intercompany receivables, trade receivables and cash at bank.

The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

For trade receivables that do not contain a significant financing component (or for which the IFRS 15 practical expedient for contracts that are one year or less is applied), the Company applies the simplified approach and recognises lifetime ECL.

Where a collective basis is applied, the ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience based on the past due status of the debtors, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the Company uses the general approach and recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL ('12m ECL').

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - Continued**

#### **IFRS 9 'Financial Instruments' – Continued**

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The Company recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying, except for investments in debt instruments that are measured at FVTOCI, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

#### **1.2 Foreign currency translation**

##### *a) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"), being the Euro ("EUR/€"). The financial statements are presented in Euro ("EUR"), which is the Company's presentation currency.

##### *b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the rates of exchange ruling on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the other comprehensive income.

For the purpose of presenting these financial statements, income and expenses are translated from the functional currency to Euro at the average exchange rate for the period. Assets and liabilities are translated from the functional currency to Euro at the exchange rate ruling at the date of the statement of financial position. Exchange differences are recognised in other comprehensive income.

#### **1.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks. Cash and cash equivalents also include short-term highly liquid investments with original maturities of three months or less, which are stated at their fair values.

#### **1.4 Share capital**

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - Continued**

#### **1.5 Trade and other payables**

Payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **1.6 Insurance contracts**

An insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. In this:

- insurance risk is risk, other than financial risk, transferred from the holder of a contract to the issuer.
- financial risk is the risk of a possible future change in one or more of the following: a specified interest rate, a financial instrument price, a commodity price, a currency exchange rate, an index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.
- policyholder is a party that has a right to compensation under an insurance contract if an insured event occurs.
- an insured event is an uncertain future event covered by an insurance contract that creates insurance risk.

To determine whether contracts issued are insurance contracts, all substantive rights and obligations are considered, whether they arise from a contract, law or regulation. A contract is an agreement between two or more parties that creates enforceable rights and obligations. Enforceability of the rights and obligations in a contract is a matter of law. Contracts can be written, oral or implied by the insurer's customary business practices. Contractual terms include all terms in a contract, explicit or implied, but terms that have no commercial substance are disregarded (i.e. no discernible effect on the economics of the contract). Implied terms in a contract include those imposed by law or regulation. The practices and processes for establishing contracts with customers vary across legal jurisdictions, industries and entities. In addition, they may vary within one jurisdiction (for example, they may depend on the class of customer or the nature of the promised goods or services).

The company issues contracts that are accounted for in accordance with IFRS 17 Insurance Contracts.

The company accounts for these policies applying the General Model.

##### **Recognition**

A group of insurance contracts issued is recognised from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts, when the group becomes onerous.

Coverage period is the period during which the company provides coverage for insured events. This period includes the coverage that relates to all premiums within the boundary of the insurance contract.

If there is no contractual due date, the first payment from the policyholder is deemed to be due when it is received. The company is required to determine whether any contracts form a group of onerous contracts before the earlier of the beginning of the coverage period of the group of contracts or the date when first payment from a policyholder in the group becomes due if facts and circumstances indicate there is such a group.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

#### **Insurance contracts – continued**

##### *Combining a set or series of contracts*

A set or series of insurance contracts with the same or a related counterparty may achieve, or be designed to achieve, an overall commercial effect. In order to report the substance of such contracts, it may be necessary to treat the set or series of contracts as a whole. For example, if the rights or obligations in one contract do nothing other than entirely negate the rights or obligations in another contract entered into at the same time with the same counterparty, the combined effect is that no rights or obligations exist.

The company does not combine a series of insurance policies into a single insurance contract for accounting purposes. Instead, the company applies a 1:1 relationship between the insurance policy and the insurance contract.

##### *Separating components from an insurance contract*

An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. For example, an insurance contract may include an reinsurance or a service component (or both).

Embedded derivatives, investment components and/or service components are to be separated if the below criteria are met.

The company does not offer insurance contracts which require separating embedded derivatives or require separating promises to transfer goods or non-insurance services.

##### *Level of aggregation*

The company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the company considers the similarity of risks rather than the specific labelling of product lines. The company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts.

To aggregate insurance contracts into a group of insurance contracts the following three steps are distinguished:

##### *Portfolio of contracts*

The first step in aggregating insurance contracts is to identify a portfolio of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together.

##### *Time buckets*

Contracts issued more than one year apart cannot be part of the same group. The time interval for grouping contracts in the same group should in principle not be more frequent than annually. Contracts recognised in a certain annual reporting period are grouped together if possible. Contracts recognised outside the annual reporting period are grouped in a different annual cohort.

##### *Levels of profitability*

A portfolio of insurance contracts issued is then divided into a minimum of:

- a group of contracts that are onerous at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous;
- a group of the remaining contracts in the portfolio.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

#### **Insurance contracts – continued**

If reasonable and supportable information exist to conclude that a set of contracts will all be in the same group, the set of contracts may be assessed to determine if the contracts are onerous and the set of contract may be assessed to determine if the contracts have no significant possibility of becoming onerous subsequently. If reasonable and supportable information does not exist to conclude that a set of contracts will all be in the same group, the group to which contracts belong needs to be determined by considering individual contracts.

A group comprises a single contract if that is the result of applying criteria above.

The recognition and measurement requirements as set out in IFRS 17 are to be applied to the groups of contracts issued determined by applying the above. The groups are established at initial recognition, and the composition of the groups shall not be reassessed subsequently. To measure a group of contracts, the fulfilment cash flows may be estimated at a higher level of aggregation than the group or portfolio, provided the appropriate fulfilment cash flows can be included in the measurement of the group, by allocating such estimates to groups of contracts. Fulfilment cash flows are explicit, unbiased and probability-weighted estimated (i.e. expected value) present value of future cash outflows minus the present value of the future cash inflows that will arise as the insurer fulfils insurance contracts, including a risk adjustment for non-financial risk.

#### Contract boundaries

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

In determining which cash flows fall within a contract boundary, the company considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The company determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the company can compel the policyholder to pay the premiums or the company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when the company has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk. If the boundary assessment is performed at a portfolio rather than individual contract level, the company must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders. The company's pricing must not take into account any risks beyond the next reassessment date.

In determining whether all risks have been reflected either in the premium or in the level of benefits, the company considers all risks that policyholders would transfer had the company issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the company concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks it would assess when underwriting equivalent contracts on the renewal date for the remaining service. The assessment on the company's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the company disregards restrictions that have no commercial substance. The company also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. The company exercises judgement in deciding whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

#### **Insurance contracts - continued**

##### **Measurement of insurance contracts issued**

The company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

##### *Fulfilment cash flows within contract boundary*

The fulfilment cash flows are the current unbiased and probability-weighted estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the company considers a range of scenarios to establish a full range of possible outcomes incorporating all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future.

The company estimates expected future cash flows for a group of contracts at a portfolio level and allocates them to the groups in that portfolio in a systematic and rational way.

When estimating future cash flows, the company includes all cash flows within the contract boundary including:

- Premiums and any additional cash flows resulting from those premiums
- Reported claims that have not yet been paid, claims incurred but not yet reported, future claims expected to arise from the policy and potential cash inflows from recoveries on future claims covered by existing reinsurance contracts
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the issued contract belongs
- Claim handling costs
- Policy administration and maintenance costs including recurring commissions expected to be paid to intermediaries for policy administration services only (recurring commissions that are insurance acquisition cash flows are treated as such in the estimate of future cash flows)
- Transaction-based taxes
- An allocation of fixed and variable overheads directly attributable to the fulfilment of insurance contracts including overhead costs such as accounting, human resources, information technology and support, building depreciation, rent, and maintenance and utilities
- Other costs specifically chargeable to the policyholder under the terms of the contract

##### **Discount rates**

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period.

The company measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g. credit risk).

The company applies the EIOPA risk-free interest rate term structures without volatility adjustments applicable to the relevant currency as discount curve. Due to the short-term nature of the insurance contracts issued by the company, it is considered that this appropriately reflects the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts of the company.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

#### **Insurance contracts - continued**

##### **Risk adjustment for non-financial risk**

The company measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk. The company uses the cost of capital method in estimating the risk adjustment at a 62% confidence level. The company applies a Cost of Capital approach for the determination of the Risk Adjustment, following the determination of the Solvency II Risk Margin, using the same SCR (Solvency Capital Requirement) as used under Solvency II.

##### **Contractual service margin (CSM)**

The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit that the company will recognise as it provides insurance contract services over the coverage period. At initial recognition, the company measures the CSM at an amount that, unless a group of insurance contracts is onerous, results in no gains recognised in profit or loss arising from:

- The expected fulfilment cash flows of the group
- The amount of any derecognised asset for insurance acquisition cash flows allocated to the group
- Any other asset or liability previously recognised for cash flows related to the group
- Any cash flows that have already arisen on the contracts as of that date

If a group of contracts is onerous, the company recognises a loss on initial recognition. This results in the carrying amount of the liability for the group being equal to the fulfilment cash flows, and the CSM of the group being nil. A loss component is recognised for any loss on initial recognition of the group of insurance contracts.

The company determines at initial recognition the group's coverage units. The company then allocates the group's CSM based on the coverage units provided in the period.

##### **Subsequent measurement under the General Model**

In estimating the total future fulfilment cash flows, the company distinguishes between those relating to already incurred claims and those relating to future service.

At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

##### **LRC and LIC**

The LRC represents the company's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided and other amounts not related to insurance contract services that have not yet been transferred to the LIC. The LRC is comprised of (a) the fulfilment cash flows relating to future service, (b) the CSM yet to be earned and (c) any outstanding premiums for insurance contract services already provided.

The LIC includes the company's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the company's liability to pay amounts the company is obliged to pay the policyholder under the contract. This includes repayment of investment components, when a contract is derecognised. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the group at the reporting date.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

#### **Insurance contracts - continued**

##### **Changes in fulfilment cash flows**

At the end of each reporting period, the company updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variable.

The company has an accounting policy choice which calculates changes in fulfilment cash flows at the end of a reporting period for changes in non-financial assumptions, changes in discount rates and financial assumptions. The company first calculates the changes in discount rates and financial assumptions on the fulfilment cash flows (as expected at the beginning of the period) and then calculate changes on those cash flows from the change in non-financial assumptions.

Experience adjustments are the difference between:

- The expected cash flow estimate at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes)
- The expected cash flow estimate at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses)

Experience adjustments relating to current or past service are recognised in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

Experience adjustments relating to future service are included in the LRC by adjusting the CSM. The release of the CSM depends on whether the contract does not participate, participates indirectly, or directly participates in the performance of the specified underlying items.

At the end of each reporting period, the company re-estimates the LRC fulfilment cash flows, updating for changes in assumptions relating to financial and non-financial risks.

##### ***Adjustments to the CSM***

For insurance contracts without direct participating features, the following changes in fulfilment cash flows are considered to be related to future service and adjust (or ‘unlock’) the CSM of the group of insurance contracts:

- Experience adjustments relating to the premiums received in the period that relate to future service, and any related cash flows such as insurance acquisition cash flows and premium-based taxes measured at the ‘locked in’ discount rates applicable when the contracts in the group were initially recognised
- The change in the estimate of the present value of expected future cash flows in the liability for remaining coverage, related to non-financial variables, measured at the ‘locked in’ discount rates applicable when the contracts in the group were initially recognised. All financial variables are locked in at initial recognition
- Changes in the risk adjustment for non-financial risk relating to future service. The company has elected not to disaggregate the change in the risk adjustment for non-financial risk between (i) a change related to non-financial risk and (ii) the effect of the time value of money and changes in the time value of money

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

#### **Insurance contracts - continued**

The following adjustments do not relate to future service and thus do not adjust the CSM:

- Changes in fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof
- Changes in the fulfilment cash flows relating to the LIC
- Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows)
- Any further increases in fulfilment cash flows relating to future coverage are recognised in profit or loss as they occur, increasing the loss component of the group of insurance contracts. Any subsequent decreases in fulfilment cash flows related to future coverage do not adjust the CSM until the loss component of the group is fully reversed through profit or loss.

At the end of the reporting period, the carrying amount of the CSM for a group of insurance contracts without direct participating features is the carrying amount at the beginning of the period adjusted for:

- The effect of any new contracts added to the group
- Interest accreted on the carrying amount of the CSM measured at the discount rates determined at initial recognition
- The changes in fulfilment cash flows related to future service, except:
  - o Increases in fulfilment cash flows that exceed the carrying amount of the CSM, giving rise to a loss that results in the group of contracts becoming onerous or more onerous
  - o Decreases in fulfilment cash flows that reverse a previously recognised loss on a group of onerous contracts
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining coverage period

#### ***Recognition of the CSM in profit or loss***

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided.

In determining the amount of the CSM to be released in each period, the company follows three steps:

- Determine the total number of coverage units in the group. The amount of coverage units in the group is determined by considering the quantity of benefits provided under the contract and the expected coverage period for each contract
- Allocate the CSM at the end of the period (before any of it is released to profit or loss to reflect the insurance contract services provided in the period) equally to each of the coverage units provided in the current period and expected to be provided in the future
- Recognise in profit or loss the amount of CSM allocated to the coverage units provided during the period

The number of coverage units change as insurance contract services are provided, contracts expire, lapse or surrender and new contracts are added to the group. The total number of coverage units depends on the expected duration of the obligations that the company has from its contracts. These can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events.

By determining a number of coverage units, the company exercises judgement in estimating the likelihood of insured events occurring and policyholder behaviour to the extent that they affect expected period of coverage in the group, the different levels of service offered across periods (e.g. policyholder exercising an option and adding an additional coverage for a previously guaranteed price) and the 'quantity of benefits' provided under a contract.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued** **Insurance contracts - continued**

#### *Coverage units*

The company does not offer any contracts with direct participation features or contracts with investment components. As such, the only coverage considered is the insurance coverage. The company uses a projection of earned risk premium (corrected for expected lapse) as a measurement for the insurance coverage. It considers this an appropriate measure, as the premium projection is considered to be an appropriate representation of the projection of the maximum claim amounts.

#### **1.7 Income tax**

Tax expense comprises current and deferred tax and is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity or in other comprehensive income. The current tax expense for the period also includes any adjustment to tax charge in relation to prior financial periods.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provision where appropriate.

#### **1.8 Deferred taxation**

Deferred tax is provided using the liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

#### **1.8 Deferred taxation – Continued**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **1.9 Reinsurance contracts held**

The company's quota share reinsurance contracts held are accounted for applying the measurement requirements of the General Model for estimates of cash flows and discount rates. The company measures the reinsurance contracts held and the underlying insurance contracts issued using consistent assumptions. The company includes in the estimates of the present value of expected future cash flows for a group of reinsurance contracts held the effect of any risk of non-performance by the reinsurer, including the effects of any collateral and losses from disputes. The effect of non-performance risk of the reinsurer is assessed at each reporting date.

In determining the asset representing the risk adjustment for non-financial risk transferred to the reinsurer, the company assesses the amount of risk transferred by the company to the reinsurer by calculating the risk adjustment of the underlying contracts before and after the effect of the reinsurance contracts held. The difference is recognised as the asset representing the risk adjustment reinsured.

On initial recognition, the company recognises any net cost or net gain on purchasing the group of reinsurance contracts held as a reinsurance CSM, unless the net cost of purchasing reinsurance coverage relates to events that occurred before the purchase of the group of reinsurance contracts, where the company recognises such a cost immediately in profit or loss as an expense as part of insurance service result.

For a group of reinsurance contracts held, on initial recognition of an underlying onerous group of insurance contracts or on addition of onerous underlying insurance contracts to a group, the company establishes a loss recovery component and, as a result, recognises a gain in profit or loss. The amount of the loss recovery component adjusts the CSM of a group of reinsurance contracts held.

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

**Reinsurance contracts held – continued**

It is calculated at an amount equal to the loss recognised on the underlying insurance contracts multiplied by the percentage of claims on the underlying insurance contracts the company expects to recover from the group of reinsurance contracts held.

After initial recognition, the carrying amount of the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held. Reversal of the loss recovery component adjusts the CSM and the risk adjustment of the group of reinsurance contracts held. After establishing a reinsurance loss recovery component, except for further additions of onerous contracts to the underlying groups, its amount is adjusted for:

- Changes in fulfilment cash flows of underlying insurance contracts related to future service and do not adjust the CSM of their respective groups
- Loss recovery component reversals to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held

These adjustments are calculated and presented in profit or loss.

The company adjusts the carrying amount of the CSM of a group of reinsurance contracts held at the end of a reporting period to reflect changes in the fulfilment cash flows applying the same approach as for insurance contracts issued, except when the underlying contract is onerous and the change in the fulfilment cash flows for underlying insurance contracts is recognised in profit or loss by adjusting the loss component. The respective changes in reinsurance contracts held is also recognised in profit and loss (adjusting the loss recovery component).

***Presentation***

The company has presented separately in the statement of financial position the carrying amount, of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities.

The company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total.

The company includes any assets for insurance acquisition cash flows recognised separately from corresponding groups of insurance contracts that are recognised in the carrying amount of the related portfolios of insurance contracts issued.

The company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non- financial portion. It includes the entire change as part of the insurance service result.

As the company provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognises insurance revenue, which is measured at the amount of consideration the company expects to be entitled to in exchange for those services.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

For groups of insurance contracts measured under the General Model, insurance revenue consists of the sum of the changes in the LRC due to:

- The insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  - o Amounts allocated to the loss component
  - o Amounts that relate to transaction-based taxes collected on behalf of third parties
  - o Insurance acquisition expenses
  - o Amounts relating to risk adjustment for non-financial risk
- The change in the risk adjustment for non-financial risk, excluding:
  - o Changes that relate to future service that adjust the CSM
  - o Amounts allocated to the loss component
- The amount of CSM for the services provided in the period
- Other amounts, such as experience adjustments for premium receipts that relate to current or past service, if any

#### **1.10 Insurance Revenue**

Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time.

At the end of each reporting period, the company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

#### **Insurance service expenses**

Insurance service expenses arising from a group of insurance contracts issued comprises:

- Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
- Other directly attributable insurance service expenses incurred in the period
- Amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expenses and insurance contract revenue
- Loss component of onerous groups of contracts initially recognised in the period
- Changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts

#### **Income or expenses from reinsurance contracts held**

The company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers
- An allocation of the premiums paid

The company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The company establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognised on the initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The loss recovery component adjusts the CSM of the group of reinsurance contracts held. The loss recovery component is then adjusted to reflect:

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF MATERIAL ACCOUNTING POLICIES – Continued**

- Changes in the fulfilment cash flows of the underlying insurance contracts that relate to future service and do not adjust the CSM of the respective groups to which the underlying insurance contracts belong to
- Reversals of loss recovery component to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held
- Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses

#### **Insurance finance income and expenses**

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.

#### ***The use of OCI presentation for insurance finance income and expenses***

When considering the choice of presentation of insurance finance income or expenses, the company examines the assets held for that portfolio and how they are accounted for. The company has an adopted to present all of the period's insurance finance income or expenses in profit or loss.

#### **Exchange differences**

Exchange differences arising from changes in the carrying amount of groups of insurance contracts issued and reinsurance contracts held are recognised in profit or loss in the period in which they arise. Exchange differences arising from changes in the carrying amount of groups of insurance contracts issued and reinsurance contracts held included in other comprehensive income, if any, are recognised in other comprehensive income.

The group of insurance contracts with cash flows in different foreign currencies is assessed to be denominated in a single currency. Accordingly, the risk adjustment for non-financial risks and the CSM of the group of insurance contracts are determined in the currency of the group of contracts.

At the end of each reporting period, the carrying amount of the group of insurance contracts denominated in a foreign currency is translated into the functional currency.

The amounts arising from changes in exchange rates between the currency of the cash flows and the currency of the group of contracts are considered as changes in financial risk and are accounted for as insurance finance income or expenses.

The amounts arising from changes in exchange rates between the currency of the group of contracts and the functional currency are considered as exchange differences and are recognised in profit or loss in the period in which they arise.

### **1.11 Related party transactions**

In the normal course of the business, the Company enters into various transactions with related parties. Related parties are defined as those that have an ability to control or exercise significant influence over the other party in making financial and operational decisions.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### **2.1 Critical accounting judgements and key sources of estimation uncertainty - continued**

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements which are difficult to reach, subjective or complex to a degree that would warrant their description as critical in terms of IAS 1: Presentation of Financial Statements are the estimates of the ultimate liability arising from claims made under insurance contracts. Details of key assumptions and sensitivity for these estimates are provided in Note 2.1 to these financial statements.

In the application of the company's accounting policies, described in Note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

##### **Key sources of estimation uncertainty**

The following are key estimations used in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### **Insurance contract assets and liabilities and reinsurance contract assets and liabilities**

By applying IFRS 17 to measurement of insurance contracts issued and reinsurance contracts held, the company has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Future cash flows
- Discount rates
- Allocation rate for insurance finance income or expenses
- Risk adjustment for non-financial risk
- Allocation of asset for insurance acquisition cash flows to current and future groups of contracts

##### **Technique for estimation of present value of future cashflows ("PVFCF") of liability for incurred claims ("LIC")**

The PVFCF of LIC has been calculated using a chain-ladder method which is standard actuarial approach. The claims triangle to arrive with the claims development factors are based on the historical claims pattern. The selected development factors are then applied to cumulative claims data for each underwriting year that is not yet fully developed to arrive with an estimated ultimate claims cost for each underwriting year. The underwriting year ultimate is split into those claims that have not yet been incurred, claims that have been incurred but have not been reported and claims that have been reported. The claims that have been incurred but have not been reported form the LIC. This method assumes that the Company's own claims experience is indicative of future claims development pattern. The future cashflows were discounted at the appropriate rates.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES - continued**

#### **2.1 Critical accounting judgements and key sources of estimation uncertainty – continued**

##### **Technique for estimation of future cash flows for liability for remaining coverage**

The estimates of future cash flows shall:

Incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. To do this, the expected value (i.e. the probability-weighted mean) of the full range of possible outcomes need to be estimated.

- Reflect the perspective of the company, provided that the estimates of any relevant market variables are consistent with observable market prices for those variables;
- Be current. The estimates shall reflect conditions existing at the measurement date, including assumptions at that date about the future; and
- Be explicit. The adjustment for non-financial risk shall be estimated separately from the other estimates. The adjustment for the time value of money and financial risk, shall be estimated separately from the cash flows, unless the most appropriate measurement technique combines these estimates.

Cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract, including cash flows for which the entity has discretion over the amount or timing. They are primarily payments of cash exchanged between the parties under an insurance contract in accordance with the terms and conditions of the contract. The term cash flows can also be used as shorthand for other transfers of economic resources (cash flow equivalents) that are not settled in cash between the parties to the insurance contract. They may also include such items as administration costs, certain overheads, payments to third parties and non-cash transactions such as the provision of goods and services.

The determination of the future cash flows under IFRS 17 aligns with the estimation of the cash flows under Solvency II. The following cash flow types are considered for insurance contracts issued:

- Premiums
- Acquisition expenses (further discussed below)
- Claims, consisting of expected claims and an allowance for ENID (events not in data)
- Expenses, consisting of overhead expenses and profit commissions
- Risk adjustment

In estimating the future cash flows and their probability, all reasonable and supportable information available without undue cost or effort is to be used. The company distinguishes two types of variables:

- Market variables or economic assumptions, that can be observed in, or derived directly from, markets (such as interest rates);
- Non-market variables or non-economic assumptions; all other variables (such as lapse rates and claims frequency).

For the estimation of future cash flows depending on non-economic assumptions, the process shall be based on information factoring the company's own experience to the extent it is available, supportable and credible. The results arising from this data may be adjusted if there is reason to believe that historical trends will not continue in the future or if other influences may affect them. If internal data is not available, either in whole or in part, then industry or other available data, e.g. reinsurance analysis and population data, may be used as a basis for the assumptions.

Future cash flows are determined considering all reasonable and supportable information available about past events and current conditions, and forecasts of future conditions, at the reporting date without undue cost or effort. There are limits on the effort and on the costs required to collect the statistical basis for determining the assumptions. In general, information available from the company's own information systems, e.g. historical claims, internal own experience studies and other sources used for pricing purpose is considered to be available without undue cost or effort.

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS**

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES - continued**

**2.1 Critical accounting judgements and key sources of estimation uncertainty - continued**

The same best estimate non-economic assumptions as Solvency II will be used to derive the future cash flows under IFRS 17, to the extent relevant and suitable. The assumption setting is done on an annual basis.

The following table details the impact of changes in key assumptions on the Company's profit or loss, equity and CSM before and after risk mitigation from reinsurance contracts held. This analysis is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice. There were no changes made from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

2025	Change in Assumption +5%	Lapse rate	Expense rate	Loss rate
		EUR €000's	EUR €000's	EUR €000's
CSM	Gross	(396)	(877)	(3,051)
	Net	10	(931)	(893)
Profit or Loss	Gross	(8)	(716)	(2,255)
	Net	62	(662)	(1,203)
Equity	Gross	(8)	(716)	(2,255)
	Net	62	(662)	(1,203)
2024	Change in Assumption +5%	Lapse rate	Expense rate	Loss rate
		EUR €000's	EUR €000's	EUR €000's
CSM	Gross	(1,004)	(1,702)	(2,464)
	Net	(277)	(1,812)	(889)
Profit or Loss	Gross	591	(227)	(1,092)
	Net	284	(117)	(722)
Equity	Gross	591	(227)	(1,092)
	Net	284	(117)	(722)

**Method of estimating discount rates**

The company chose to apply the EIOPA risk-free interest rate term structures without VA applicable to the relevant currency as discount curve. Due to the short-term nature of the contracts, it is considered that this appropriately reflects the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. The Company used the following yield curves to discount cash flows:

2025	Currency	1 year	2 years	3 years	4 years	5 years
Insurance contracts	GBP	3.54%	3.49%	3.53%	3.59%	3.67%
	EUR	2.08%	2.16%	2.28%	2.39%	2.48%
	PLN	3.34%	3.68%	3.98%	4.24%	4.46%
	CZK	3.40%	3.47%	3.57%	3.66%	3.74%
	HUF	6.05%	6.10%	6.19%	6.28%	6.38%
	RON	6.11%	6.24%	6.37%	6.48%	6.55%
	USD	3.43%	3.31%	3.34%	3.40%	3.47%

**NOTES TO THE FINANCIAL STATEMENTS**

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES - continued**

**2.1 Critical accounting judgements and key sources of estimation uncertainty - continued**

**Method of estimating discount rates - continued**

<b>2024</b>	<b>Currency</b>	<b>1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5 years</b>
Insurance contracts	GBP	4.46%	4.26%	4.15%	4.08%	4.04%
	EUR	2.24%	2.09%	2.09%	2.12%	2.14%
	PLN	4.97%	5.07%	5.22%	5.37%	5.50%
	CZK	3.67%	3.54%	3.53%	3.54%	3.56%
	HUF	5.68%	5.97%	6.15%	6.27%	6.36%
	RON	6.67%	6.90%	7.07%	7.20%	7.28%
	USD	4.18%	4.09%	4.06%	4.04%	4.02%

**3. INSURANCE REVENUE**

The following table presents an analysis of the insurance revenue recognised in the period.

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
Amounts relating to changes in liabilities for remaining coverage		
Expected incurred claims and other insurance service expenses	<b>79,356</b>	80,740
Change in risk adjustment for non-financial risk for risk expired	<b>4,012</b>	4,063
CSM recognised for services provided	<b>26,797</b>	14,766
Other – Loss component reversal	<b>(1,307)</b>	(2,047)
Recovery of insurance acquisition cash flows	<b>41,674</b>	44,165
<b>Total insurance revenue</b>	<b>150,532</b>	141,687

**4. INSURANCE SERVICE EXPENSES**

The table below shows an analysis of insurance service expenses recognised in the period.

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
Incurred claims and other incurred insurance service expenses	<b>63,157</b>	70,992
Changes that relate to past service – adjustment to the LIC	<b>16,052</b>	17,320
Changes that relate to future service – losses on onerous groups of contracts and reversal of such losses	<b>3,604</b>	2,151
Insurance acquisition cash flows		
Amortisation	<b>41,674</b>	44,165
<b>Total insurance expenses</b>	<b>124,487</b>	134,628

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS- continued**

**4. INSURANCE SERVICE EXPENSES - CONTINUED**

During 2025, "Changes that relate to past service – adjustment to the LIC" amounts to €16m being a decrease in expected cash outflows relating to the liability for incurred claims from previous years. (2024: €17.3m).

(i) Auditor's remuneration

Fees charged by the auditor for services rendered relate to the following:

	<b>2025</b>	2024
	<b>EUR</b>	EUR
	<b>€000's</b>	€000's
Annual statutory audits	<b>109</b>	51
Other assurance services	<b>27</b>	22
Tax services	-	4
	<u><b>136</b></u>	<u>77</u>

(ii) Director's remuneration

Director's fees totalled €31k (2024: €41.8k)

**5. NET EXPENSES FROM REINSURANCE CONTRACTS HELD**

An analysis of allocation of reinsurance premiums paid and amounts recovered from reinsurers, are presented in the tables below:

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
<i>Amounts relating to changes in the remaining coverage</i>		
Expected amount recoverable for claims and other insurance service expenses incurred in the period	<b>(71,173)</b>	(46,081)
Change in the risk adjustment for non-financial risk for risk expired	<b>(1,325)</b>	(1,980)
CSM recognised for services received	<b>(14,048)</b>	(8,830)
Effect of changes in non-performance risk of reinsurance	<b>(5)</b>	
	<u><b>(86,551)</b></u>	<u>(56,890)</u>
<b>Allocation of reinsurance premiums paid</b>		
Amounts recoverable for incurred claims and other incurred insurance service expenses	<b>70,249</b>	51,195
Recoveries of loss on recognition of underlying onerous contracts	<b>1,895</b>	357
	<u><b>72,144</b></u>	<u>51,551</u>
Amounts recovered from reinsurers	<b>72,144</b>	51,551
	<u><b>72,144</b></u>	<u>51,551</u>
Net expenses from reinsurance contracts held	<u><b>(14,407)</b></u>	<u>(5,339)</u>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**6. TOTAL INVESTMENT INCOME AND INSURANCE FINANCE INCOME / EXPENSES**

This table presents an analysis of net investment income and net insurance finance income/expenses recognised in profit or loss:

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
<b>Investment income/expenses on underlying assets</b>		
Net income from financial instruments measured at FVTPL	<b>3,910</b>	4,033
Realised gain /(loss) on investments	<b>1,019</b>	(1,027)
Unrealised gain /(loss) on investments	<b>2,744</b>	(405)
	<hr/>	<hr/>
<b>Total investment income/expenses on underlying assets recognised in P&amp;L</b>	<b>7,673</b>	2,601
	<hr/> <hr/>	<hr/> <hr/>
<b>Insurance finance income/expenses from insurance contracts issued</b>		
Interest accreted	<b>(6,434)</b>	(5,655)
Effect of changes in interest rates and other financial assumptions	<b>4,677</b>	(5,201)
Effect of changes in fulfilment cash flows at current rate when CSM is unlocked at locked-in rate	<b>188</b>	(10)
	<hr/>	<hr/>
<b>Total insurance finance income/expenses from insurance contracts issued</b>	<b>(1,569)</b>	(10,866)
Total insurance finance income/expenses from insurance contracts issued recognised in profit & loss	<b>(9,778)</b>	(3,714)
	<hr/>	<hr/>
Total insurance finance income/expenses from insurance contracts issued recognised in other comprehensive income	<b>8,209</b>	(7,152)
	<hr/>	<hr/>
<b>Insurance finance income/expenses from reinsurance contracts held</b>		
Interest accreted	<b>3,636</b>	2,942
Effect of changes in interest rates and other financial assumptions	<b>(2,501)</b>	2,097
Effect of changes in fulfilment cash flows at current rate when CSM is unlocked at locked-in rate	<b>(82)</b>	(0.5)
	<hr/>	<hr/>
<b>Total insurance finance income/expenses from reinsurance contracts held</b>	<b>1,053</b>	5,039
Total insurance finance income/expenses from reinsurance contracts held recognised in profit & loss	<b>4,286</b>	1,815
	<hr/>	<hr/>
Total insurance finance income/expenses from reinsurance contracts held recognised in other comprehensive income	<b>(3,233)</b>	3,222
	<hr/>	<hr/>
<b>Net insurance finance income or expenses recognised in profit &amp; loss</b>	<b>(5,392)</b>	(1,899)
<b>Net insurance finance income or expenses in other comprehensive income</b>	<b>(4,976)</b>	(3,930)
	<hr/> <hr/>	<hr/> <hr/>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

---

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**7. PORTFOLIOS OF INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES**

The table below sets out the carrying amounts of portfolios of insurance and reinsurance contract assets and liabilities at the end of reporting date:

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
Insurance contract assets	-	(18)
Insurance contract liabilities	<b>147,069</b>	154,627
Net	<b>147,069</b>	154,609
Reinsurance contract assets	<b>48,753</b>	66,485
Reinsurance contract liabilities	-	(15)
Net	<b>48,753</b>	66,470

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**8. INSURANCE CONTRACT ASSETS AND LIABILITIES**

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for insurance contracts:

	<b>Liability for remaining coverage</b>		<b>Liability for incurred claims</b>		<b>Total</b>
	<b>Excluding loss component</b>	<b>Loss component</b>	<b>Estimation of the present value of the future cash flows</b>	<b>Risk adjustment for non-financial risk</b>	
<b>2025</b>	<b>EUR €000's</b>	<b>EUR €000's</b>	<b>EUR €000's</b>	<b>EUR €000's</b>	<b>EUR €000's</b>
Opening assets	(18)	-	-	-	(18)
Opening liabilities	116,225	1,088	37,120	194	154,627
Net opening balance	116,207	1,088	37,120	194	154,609
<b>Changes in the statement of profit or loss</b>					
<i>Insurance revenue</i>					
Other contracts	(150,533)	-	-	-	(150,533)
<b>Insurance revenue</b>	<b>(150,533)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150,533)</b>
<i>Insurance service expenses</i>					
Incurred claims and other insurance service expenses	-	3,604	78,410	799	82,813
Adjustments to liabilities for incurred claims	-	-	16,388	(336)	16,052
Losses and reversals of losses on onerous contracts	-	4,833	-	-	4,833
<b>Insurance acquisition cash flows:</b>					
Amortisation of insurance acquisition cashflows	41,674	-	-	-	41,674
Impairment loss and reversals of impairment	-	-	-	-	-
<b>Insurance service result</b>	<b>(108,859)</b>	<b>8,437</b>	<b>94,798</b>	<b>463</b>	<b>(5,161)</b>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**8. INSURANCE CONTRACT ASSETS AND LIABILITIES – continued**

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimation of the present value of the future cash flows	Risk adjustment for non-financial risk	
2025	EUR €000's	EUR €000's	EUR €000's	EUR €000's	EUR €000's
Insurance finance income/expense recognized in profit or loss	8,896	(283)	1,134	31	9,778
Effect of movements in exchange rates	2,810	(352)	-	-	2,458
<b>Total changes in the statement of profit or loss</b>	<b>(99,962)</b>	<b>3,321</b>	<b>79,544</b>	<b>829</b>	<b>(16,268)</b>
Insurance finance income or expenses from insurance contracts recognised in other comprehensive income					
Effect of movements in exchange rates	(6,440)	109	(1,843)	(35)	(8,209)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(6,440)</b>	<b>109</b>	<b>(1,843)</b>	<b>(35)</b>	<b>(8,209)</b>
<i>Cash flows</i>					
Premiums received	155,146	-	-	-	155,146
Insurance acquisition cash flows	(48,237)	-	-	-	(48,237)
Claims and other insurance service expenses paid	-	-	(89,973)	-	(89,973)
<b>Total cash flows</b>	<b>106,909</b>	<b>-</b>	<b>(89,973)</b>	<b>-</b>	<b>16,936</b>
Closing assets	-	-	-	-	-
Closing liabilities	116,715	4,518	24,848	988	147,069
<b>Net closing balance</b>	<b>116,715</b>	<b>4,518</b>	<b>24,848</b>	<b>988</b>	<b>147,069</b>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**8. INSURANCE CONTRACT ASSETS AND LIABILITIES - continued**

	<b>Liability for remaining coverage</b>		<b>Liability for incurred claims</b>		<b>Total</b>
	<b>Excluding loss component</b>	<b>Loss component</b>	<b>Estimation of the present value of the future cash flows</b>	<b>Risk adjustment for non-financial risk</b>	
<b>2024</b>	<b>EUR €000's</b>	<b>EUR €000's</b>	<b>EUR €000's</b>	<b>EUR €000's</b>	<b>EUR €000's</b>
Opening assets	(95)	86	-	-	(9)
Opening liabilities	114,280	709	14,140	-	129,129
Net opening balance	<b>114,185</b>	<b>795</b>	<b>14,140</b>	<b>129,122</b>	<b>129,120</b>
<b>Changes in the statement of profit or loss</b>					
<b><i>Insurance revenue</i></b>					
Other contracts	(141,687)	-	-	-	(141,687)
<b>Insurance revenue</b>	<b>(141,687)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(141,687)</b>
<b><i>Insurance service expenses</i></b>					
Incurred claims and other insurance service expenses	-	(1,960)	72,770	182	70,992
Adjustments to liabilities for incurred claims			17,307	12	17,319
Losses and reversals of losses on onerous contracts	-	2,151	-	-	2,151
Insurance acquisition cash flows:					
Amortisation of insurance acquisition cashflows		-	-	-	44,165
	<b>44,165</b>				
Impairment loss and reversals of impairment	-	-	-	-	-
<b>Insurance service result</b>	<b>44,165</b>	<b>191</b>	<b>90,077</b>	<b>194</b>	<b>(134,627)</b>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**8. INSURANCE CONTRACT ASSETS AND LIABILITIES - continued**

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimation of the present value of the future cash flows	Risk adjustment for non-financial risk	
2024	EUR €000's	EUR €000's	EUR €000's	EUR €000's	EUR €000's
Insurance finance income/expense recognized in profit or loss	3,726	23	(33)	(1)	3,715
Effect of movements in exchange rates	(568)	(22)	-	-	(590)
<b>Total changes in the statement of profit or loss</b>	<b>(93,796)</b>	<b>214</b>	<b>(33)</b>	<b>(1)</b>	<b>(93,616)</b>
Insurance finance income or expenses from insurance contracts recognised in other comprehensive income:					
Effect of movements in exchange rates	5,934	79	1,139	7,152	5,934
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(87,862)</b>	<b>293</b>	<b>91,183</b>	<b>194</b>	<b>3,807</b>
<i>Cash flows</i>					
Premiums received	138,715	-	-	-	138,715
Insurance acquisition cash flows	(48,831)	-	-	-	(48,831)
Claims and other insurance service expenses paid	-	-	(68,203)	-	(68,203)
<b>Total cash flows</b>	<b>89,884</b>	<b>-</b>	<b>(68,203)</b>	<b>-</b>	<b>21,681</b>
Closing assets	(18)	-	-	-	(18)
Closing liabilities	116,225	1,088	37,120	194	154,627
<b>Net closing balance</b>	<b>116,207</b>	<b>1,088</b>	<b>37,120</b>	<b>194</b>	<b>154,645</b>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**9. MOVEMENT ANALYSIS OF INSURANCE LIABILITIES**

The following table shows the reconciliation from the opening to the closing balances of the net asset for the remaining coverage and the assets for incurred claims recoverable from reinsurance.

	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	CSM	Total
	EUR €000's	EUR €000's	EUR €000's	EUR €000's
<b>2025</b>				
Opening assets	(517)	210	290	(17)
Opening liabilities	129,282	5,687	19,658	154,627
Net opening balance	<u>128,765</u>	<u>5,897</u>	<u>19,948</u>	<u>154,610</u>
<i>Changes in the statement of profit or loss and OCI</i>				
<i>Changes that relate to future services</i>				
Contracts initially recognised in the period	(20,539)	4,190	16,274	(75)
Changes in estimates that adjust the CSM	(5,629)	(1,704)	7,333	0
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	5,151	(165)	-	4,986
	<u>(21,017)</u>	<u>2,321</u>	<u>23,607</u>	<u>4,911</u>
<i>Changes that relate to current services</i>				
CSM recognised for services provided	-	-	(26,797)	(26,797)
Change in risk adjustment for non-financial risk for risk expired	-	(2,877)	-	(2,877)
Experience adjustments	(17,334)	-	-	(17,334)
	<u>(17,334)</u>	<u>(2,877)</u>	<u>(26,797)</u>	<u>(47,008)</u>
<i>Changes that relate to past services</i>				
Adjustments to liabilities for incurred claims	16,388	(336)	-	16,052
<b>Insurance service result</b>	<u>(21,963)</u>	<u>(892)</u>	<u>(3,190)</u>	<u>(26,045)</u>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**9. MOVEMENT ANALYSIS OF INSURANCE LIABILITIES - continued**

	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	CSM	Total
2025	EUR €000's	EUR €000's	EUR €000's	EUR €000's
Insurance finance income / expense recognised in profit or loss	6,942	409	2,427	9,778
Total changes in the statement of profit or loss	<u>(15,021)</u>	<u>(483)</u>	<u>(763)</u>	<u>(16,267)</u>
Insurance finance income / expense recognised in OCI				
Effect of movements in exchange rates impacting OCI	(4,838)	(365)	(3,006)	(8,209)
Total changes in the statement of profit or loss and OCI	<u>(19,859)</u>	<u>(848)</u>	<u>(3,769)</u>	<u>(24,476)</u>
Total cash flows	16,936	-	-	16,936
Other changes in net carrying amount	-	-	-	-
Closing assets	-	-	-	-
Closing liabilities	125,841	5,048	16,180	147,069
Net closing balance	<u>125,841</u>	<u>5,048</u>	<u>16,180</u>	<u>147,069</u>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**9. MOVEMENT ANALYSIS OF INSURANCE LIABILITIES**

The following table shows the reconciliation from the opening to the closing balances of the net asset for the remaining coverage and the assets for incurred claims recoverable from reinsurance.

	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	CSM	Total
2024	EUR €000's	EUR €000's	EUR €000's	EUR €000's
Opening assets	(154)	9	140	(5)
Opening liabilities	102,883	5,066	21,181	129,130
Net opening balance	102,729	5,075	21,321	129,125
<i>Changes in the statement of profit or loss and OCI</i>				
<i>Changes that relate to future services</i>				
Contracts initially recognised in the period	(12,346)	3,916	9,042	612
Changes in estimates that adjust the CSM	(2,669)	244	2,425	-
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	1,631	(5)	-	1,626
	(13,384)	4,155	11,467	2,238
<i>Changes that relate to current services</i>				
CSM recognised for services provided	-	-	(14,766)	(14,766)
Change in risk adjustment for non-financial risk for risk expired	-	(3,881)	-	(3,881)
Experience adjustments	(7,970)	-	-	(7,970)
	(7,970)	(3,881)	(14,766)	(26,617)
<i>Changes that relate to past services</i>				
Adjustments to liabilities for incurred claims	17,307	13	-	17,320
<b>Insurance service result</b>	(4,047)	287	(3,299)	(7,059)

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**9. MOVEMENT ANALYSIS OF INSURANCE LIABILITIES - continued**

	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	CSM	Total
2024	EUR €000's	EUR €000's	EUR €000's	EUR €000's
Insurance finance income / expense recognised in profit or loss	2,733	218	763	3,714
Total changes in the statement of profit or loss	(1,313)	505	(2,536)	(3,344)
Insurance finance income / expense recognised in OCI				
Effect of movements in exchange rates impacting OCI	5,672	316	1,164	7,152
Total changes in the statement of profit or loss and OCI	<b>4,358</b>	<b>821</b>	<b>(1,373)</b>	<b>3,806</b>
Total cash flows	21,681	-	-	21,681
Other changes in net carrying amount	-	-	-	-
Closing assets	(517)	210	290	(17)
Closing liabilities	129,282	5,687	19,658	154,627
<b>Net closing balance</b>	<b>128,765</b>	<b>5,897</b>	<b>19,948</b>	<b>154,609</b>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**10. INSURANCE CONTRACTS RECOGNISED IN THE PERIOD**

The following table provides an analysis of insurance contracts initially recognised in the period:

	<b>Profitable contracts issued</b>	<b>Onerous contracts issued</b>	<b>Total</b>
	<b>EUR €000's</b>	<b>EUR €000's</b>	<b>EUR €000's</b>
<b>2025</b>			
Estimates of present value of cash inflows	(133,066)	(159)	(133,225)
<i>Estimates of present value of cash outflows</i>			
Insurance acquisition cash flows	40,399	73	40,472
Claims and other insurance service expenses payable	72,208	6	72,214
	<u>112,607</u>	<u>79</u>	<u>112,686</u>
Risk adjustment for non-financial risk	4,185	4	4,189
CSM	16,274	-	16,274
	<u>-</u>	<u>(76)</u>	<u>(76)</u>
(Gains)/Losses recognised on initial recognition			
<b>2024</b>			
Estimates of present value of cash inflows	(118,664)	(11,298)	(129,962)
<i>Estimates of present value of cash outflows</i>			
Insurance acquisition cash flows	35,969	4,973	40,942
Claims and other insurance service expenses payable	70,015	6,660	76,675
	<u>105,984</u>	<u>11,633</u>	<u>117,617</u>
Risk adjustment for non-financial risk	3,639	277	3,916
CSM	9,041	-	9,041
	<u>-</u>	<u>612</u>	<u>612</u>
(Gains)/Losses recognised on initial recognition			

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**11. REINSURANCE CONTRACT ASSETS AND LIABILITIES**

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for reinsurance contracts.

	2025				2024			
	Remaining coverage component	Loss recovery component	Incurred claims component	Total	Remaining coverage component	Loss recovery component	Incurred claims component	Total
	EUR €000's	EUR €000's	EUR €000's	EUR €000's	EUR €000's	EUR €000's	EUR €000's	EUR €000's
Opening assets	54,553	539	11,393	66,485	56,605	48	2,340	58,993
Opening liabilities	(16)	1	-	(15)	(108)	105	-	(3)
<b>Net opening balance</b>	<b>54,537</b>	<b>540</b>	<b>11,393</b>	<b>66,470</b>	<b>56,497</b>	<b>153</b>	<b>2,340</b>	<b>58,989</b>
Net expenses from reinsurance contracts held	(86,546)	1,895	70,249	(14,402)	(56,890)	357	51,195	-5,338
Effect of changes in non-performance risk of reinsurers	(5)	-	-	(5)	-	-	-	-
Finance income or expenses from reinsurance contracts recognised in profit or loss	3,826	(221)	681	4,286	-	-	-	-
Effect of movements in exchange rates impacting OCI	(2,473)	-	(761)	(3,234)	1,803	31	(18)	1,816
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(85,198)</b>	<b>1,674</b>	<b>70,169</b>	<b>(13,354)</b>	<b>(55,087)</b>	<b>388</b>	<b>51,177</b>	<b>(3,523)</b>
<i>Cash flows</i>								
Premiums paid	70,391	-	-	70,391	50,199	-	-	50,199
Amounts received from reinsurers relating to incurred claims	-	-	(74,755)	(74,755)	-	-	(42,417)	(42,417)
<b>Total cash flows</b>	<b>70,391</b>	<b>-</b>	<b>(74,755)</b>	<b>(4,364)</b>	<b>50,199</b>	<b>-</b>	<b>(42,417)</b>	<b>7,782</b>
Closing assets	39,731	2,215	39,146	60,899	54,537	541	11,394	66,472
Closing liabilities	-	-	-	-	(16)	1	-	(15)
<b>Net closing balance</b>	<b>39,731</b>	<b>2,215</b>	<b>39,146</b>	<b>60,899</b>	<b>54,521</b>	<b>542</b>	<b>11,394</b>	<b>66,457</b>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**12. MOVEMENT ANALYSIS OF NET ASSET FOR REINSURANCE CONTRACTS HELD**

The following table shows the reconciliation from the opening to the closing balances of the net asset for reinsurance contracts held analysed by components.

	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	CSM	Total
2025	EUR €000's	EUR €000's	EUR €000's	EUR €000's
Opening assets	50,540	2,910	13,035	66,485
Opening liabilities	(578)	189	374	(15)
Net opening balance	49,962	3,099	13,409	66,470
<i>Changes in the statement of profit or loss and OCI</i>				
<i>Changes that relate to future services</i>				
Contracts initially recognised in the period	(14,123)	2,435	11,688	-
Changes in estimates that adjust the CSM	475	(923)	448	-
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	1,895	-	-	1,895
	(11,753)	1,512	12,136	1,895
<i>Changes that relate to current services</i>				
CSM recognised for services provided	-	-	(14,048)	(14,048)
Change in risk adjustment for non-financial risk for risk expired	-	(1,324)	-	(1,324)
Experience adjustments	(8,623)	-	-	(8,623)
	(8,623)	(1,324)	(14,048)	(23,995)
<i>Changes that relate to past services</i>				
Adjustments to liabilities for incurred claims	7,994	(296)	-	7,698
Effect of changes in non-performance risk of reinsurers	(5)	-	-	(5)
Net income / expenses from reinsurance contracts held	(12,387)	(108)	(1,912)	(14,407)

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**12. MOVEMENT ANALYSIS OF NET ASSET FOR REINSURANCE CONTRACTS HELD - continued**

	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	CSM	Total
<b>2025</b>	<b>EUR €000's</b>	<b>EUR €000's</b>	<b>EUR €000's</b>	<b>EUR €000's</b>
Reinsurance finance result recognised in profit or loss	4,045	239	2	4,286
Total changes in the statement of profit or loss	(8,342)	132	(1,911)	(10,121)
Reinsurance finance result recognised in OCI				
Effect of movements in exchange rates impacting OCI	(2,794)	(203)	(237)	(3,234)
Total changes in the statement of profit or loss and OCI	(11,136)	(71)	(2,148)	(13,355)
Total cash flows	(4,364)	-	-	(4,364)
Other changes in net carrying amount	-	-	-	-
Closing assets	34,461	3,029	11,263	48,753
Closing liabilities	-	-	-	-
Net closing balance	34,461	3,029	11,263	48,753

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**12. MOVEMENT ANALYSIS OF NET ASSET FOR REINSURANCE CONTRACTS HELD**

The following table shows the reconciliation from the opening to the closing balances of the net asset for reinsurance contracts held analysed by components.

	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	CSM	Total
2024	EUR €000's	EUR €000's	EUR €000's	EUR €000's
Opening assets	43,688	2,440	12,864	58,992
Opening liabilities	(6)	-	3	(3)
Net opening balance	<b>43,682</b>	<b>2,440</b>	<b>12,867</b>	<b>58,989</b>
<i>Changes in the statement of profit or loss and OCI</i>				
<i>Changes that relate to future services</i>				
Contracts initially recognised in the period	(8,323)	2,045	6,278	-
Changes in estimates that adjust the CSM	(2,004)	203	1,801	-
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	357	-	-	357
	<b>(9,970)</b>	<b>2,248</b>	<b>8,079</b>	<b>357</b>
<i>Changes that relate to current services</i>				
CSM recognised for services provided	-	-	(8,830)	(8,830)
Change in risk adjustment for non-financial risk for risk expired	-	(1,873)	-	(1,873)
Experience adjustments	1,109	-	-	1,109
	<b>1,109</b>	<b>(1,873)</b>	<b>(8,830)</b>	<b>(9,594)</b>
<i>Changes that relate to past services</i>				
Adjustments to liabilities for incurred claims	3,892	6	-	3,898
Effect of changes in non-performance risk of reinsurers	0	-	-	-
Net income / expenses from reinsurance contracts held	<b>(4,969)</b>	<b>381</b>	<b>(751)</b>	<b>(5,338)</b>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**12. MOVEMENT ANALYSIS OF NET ASSET FOR REINSURANCE CONTRACTS HELD - continued**

	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	CSM	Total
<b>2024</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Reinsurance finance result recognised in profit or loss	1,078	119	618	1,815
Total changes in the statement of profit or loss	<b>(3,891)</b>	<b>500</b>	<b>(133)</b>	<b>(3,524)</b>
Reinsurance finance result recognised in OCI				
Effect of movements in exchange rates impacting OCI	2,388	159	676	3,223
Total changes in the statement of profit or loss and OCI	<b>(1,503)</b>	<b>659</b>	<b>543</b>	<b>(301)</b>
Total cash flows	7,782	-	-	7,782
Other changes in net carrying amount	-	-	-	-
Closing assets	50,540	2,910	13,035	66,485
Closing liabilities	(578)	189	374	(15)
Net closing balance	<b>49,962</b>	<b>3,099</b>	<b>13,409</b>	<b>66,470</b>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**13. REINSURANCE CONTRACTS RECOGNISED IN THE PERIOD**

The following table provides an analysis of reinsurance contracts initially recognised in the period :

	<b>Profitable contracts issued</b>	<b>Onerous contracts issued</b>	<b>Total</b>
	<b>EUR €000's</b>	<b>EUR €000's</b>	<b>EUR €000's</b>
<b>2025</b>			
Estimates of present value of cash inflows	(54,683)	-	(54,683)
<i>Estimates of present value of cash outflows</i>			
	40,560		40,560
Insurance acquisition cash flows	-	-	-
Claims and other insurance service expenses payable	40,560	-	40,560
	<u>26,437</u>	<u>-</u>	<u>26,437</u>
Risk adjustment for non-financial risk	2,435	-	2,435
CSM	11,688	-	11,688
	<u>-</u>	<u>-</u>	<u>-</u>
(Gains)/Losses recognised on initial recognition			
<b>2024</b>			
Estimates of present value of cash inflows	(47,062)	-	(47,062)
<i>Estimates of present value of cash outflows</i>			
	-	-	-
Insurance acquisition cash flows	-	-	-
Claims and other insurance service expenses payable	38,739	-	38,739
	<u>8,323</u>	<u>-</u>	<u>8,323</u>
Risk adjustment for non-financial risk	2,045	-	2,045
CSM	6,278	-	6,278
	<u>-</u>	<u>-</u>	<u>-</u>
(Gains)/Losses recognised on initial recognition			

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**14. CONTRACTUAL SERVICE MARGIN**

The following table shows an analysis of the expected recognition of the CSM remaining at the end of reporting period in profit or loss.

<b>2025</b>	<b>Less than 1 year EUR €000's</b>	<b>1 to 2 years EUR €000's</b>	<b>2 to 3 years EUR €000's</b>	<b>3 to 4 years EUR €000's</b>	<b>4 to 5 years EUR €000's</b>	<b>&gt; 5 years EUR €000's</b>	<b>Total EUR €000's</b>
<b>Insurance contracts issued</b>	<b>10,510</b>	<b>3,724</b>	<b>1,476</b>	<b>390</b>	<b>78</b>	<b>2</b>	<b>16,180</b>
<b>Reinsurance Contracts held</b>	<b>(6,993)</b>	<b>(2,572)</b>	<b>(1,166)</b>	<b>(399)</b>	<b>(129)</b>	<b>(3)</b>	<b>(11,262)</b>
<b>2024</b>	<b>Less than 1 year EUR €000's</b>	<b>1 to 2 years EUR €000's</b>	<b>2 to 3 years EUR €000's</b>	<b>3 to 4 years EUR €000's</b>	<b>4 to 5 years EUR €000's</b>	<b>&gt; 5 years EUR €000's</b>	<b>Total EUR €000's</b>
Insurance contracts issued	11,466	5,672	2,271	490	48	1	19,948
Reinsurance Contracts held	(7,420)	(3,846)	(1,671)	(432)	(40)	-	(13,410)

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**15. ASSET FOR INSURANCE ACQUISITION CASH FLOWS**

The following table shows the reconciliation from the opening to the closing balance for assets for insurance acquisition cash flows.

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
Opening balance	3,126	4,022
Additions	-	-
Amount derecognised during the period due to allocation to the related group of contracts	(1,212)	896
Impairment losses	-	-
<b>Ending balance</b>	<b>1,914</b>	<b>3,126</b>

The following table shows the expected timing of derecognition of assets for insurance acquisition cash flow and included in the measurement of the group of insurance contracts they will be allocated to.

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
Within one year	1,080	1,080
In 1 - 3 years	834	2,046
<b>Ending balance</b>	<b>1,914</b>	<b>3,126</b>

**16. INVESTMENT INCOME**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
Interest and investment income	<b>3,910</b>	4,033

**17. INCOME TAX EXPENSE**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
<b>Current tax</b>		
Current income tax expense	<b>3,309</b>	484
	<b>3,309</b>	484
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
Adjustment to prior year	<b>(126)</b>	-
	<b>(126)</b>	-
Total tax charge	<b>3,183</b>	484

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**17. INCOME TAX EXPENSE – CONTINUED**

The income tax on the Company's profit before tax differs from the theoretical income tax expense that would arise using the applicable income local tax rate of 35% (2024: 5%) as follows:

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
Profit before tax	<b>13,234</b>	2,483
Theoretical tax charge at 35% (2024: 5%)	<b>4,632</b>	124
<i>Tax effect of:</i>		
Adjustments in respect of prior periods	<b>(126)</b>	-
Effect of different tax rates in foreign branches	<b>(1,323)</b>	360
<b>Income tax charge</b>	<b>3,183</b>	484

**18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
<b>Fair Value</b>		
Financial assets classified as at fair value through profit or loss upon initial recognition		
- bonds	<b>98,708</b>	115,968
	<b>98,708</b>	115,968
<b>Bonds</b>		
Opening net carrying amount	<b>115,968</b>	98,220
Purchases	<b>126,857</b>	86,608
Disposals and unrealised foreign exchange gains and losses	<b>(144,117)</b>	(68,860)
	<b>98,708</b>	115,968

**19. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of balances with banks and also include short-term highly liquid investments with original maturities of three months or less, which are stated at their fair values. Cash and cash equivalents included in the cash flow statement reconcile to the statement of financial position amounts as follows:

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
Investments in money market fund	-	243
Cash at bank	<b>16,340</b>	28,373
	<b>16,340</b>	28,616

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

---

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**20. TRADE AND OTHER RECEIVABLES**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
Prepayments	73	512
Due from affiliates (i)	10,789	2,528
Other receivables	8,482	5,529
	<u>19,344</u>	<u>8,569</u>

(i) The amounts owed by group undertakings are unsecured, interest free and repayable on demand. All other receivables are current in nature.

**21. DEFERRED INCOME TAX**

Deferred income taxes are calculated on all temporary differences under the statement of financial position liability method using a principal tax rate of 35%. (2024: 5%)

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
<b>Deferred tax asset/ (liability)</b>		
Arising from unrealised foreign exchange losses	-	(126)
	<u>-</u>	<u>(126)</u>

The movement in the deferred income tax account for the period has been reported as follows:

	<b>2025</b>
	<b>EUR</b>
	<b>€000's</b>
At 1 January	(126)
Debited to profit or loss	126
	<u>0</u>
Net deferred income tax asset	<u>-</u>

**22. TRADE AND OTHER PAYABLES**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
Other payables	3,183	218
Accruals	646	3,161
	<u>3,829</u>	<u>3,379</u>

The above payables are current in nature.

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

---

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**23. ISSUED SHARE CAPITAL**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
<b>Authorised</b>		
10,000,000 Ordinary shares of Euro 0.808472 each	<b>8,085</b>	8,085
	<hr/>	<hr/>
	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
<b>Issued and fully paid-up share capital</b>		
7,490,000 Ordinary shares of Euro 0.808472 each	<b>6,055</b>	6,055
	<hr/>	<hr/>

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Company.

**24. DIVIDENDS**

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000's</b>	<b>€000's</b>
Dividends paid	<b>25,000</b>	15,000
Dividend per share of Euro 3.3337 each (2024: 2.003 each)		
	<hr/>	<hr/>
	<b>25,000</b>	15,000
	<hr/>	<hr/>

The dividends declared during the year were drawn from the retained earnings position as at September 2025.

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is party to contracts that transfer insurance risk and/ or financial risk. This section summarises these risks and the way the Company manages them.

**Underwriting risk management**

Underwriting risk consists of insurance risk, persistency risk and expense risk. Sensitivities to key risks is detailed in 2.1.

Insurance risk is the risk of the loss event occurrence, or the timing and amount of the loss being different from expectation. The company's main income generating activity is the issuance of insurance contracts and therefore insurance risk is a principal risk.

The company is exposed to different elements of insurance risks:

- Catastrophe risk: the risk of incurring significant losses as a result of catastrophic events.
- Premium risk: the risk that premiums charged to policyholders are less than claims cost on business written.
- Reserve risk: the risk that the claims reserves are insufficient to cover all claims.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued**

The company mitigates its exposure by applying its underwriting strategy to i) diversify the type of insurance risks accepted and the level of insured benefit, ii) diversification across a number of geographical areas;. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. During the year the company has enhanced its reinsurance programme further limiting net exposures through a reinsurance portfolio transfer and increased quota share of its underwriting portfolio.

Furthermore, the Company's business is focused on insurance business with low value claims, which reduces the insurance risk.

**Insurance contracts**

The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification of products in Automotive (Guaranteed Asset Protection, Tyre and Wheel insurance, SMART insurance (dents and scratches) and Extended Warranty), Furniture and Home Appliance lines. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a Policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

**Claims reserving policies**

A robust system of claims reporting is in place for the current classes of business to ensure that all known claims are properly recorded and reported to the Company in a timely manner. Professional claims handlers are appointed where appropriate to manage and settle claims in accordance with the contract terms.

The claims reserving methodology mitigates the risk of under-reserving for claims by taking into account all factors that may have a bearing on future claims development.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome may prove to be different from the original liability established.

The company is also exposed to the following two risks which are not insurance risks but related to insurance contracts:

- Lapse or persistency risk – the risk that the counterparty will cancel the contract earlier or later than the company had expected in pricing the contract.
- Expense risk – the risk of unexpected increases in the administrative costs associated with the servicing of a contract, rather than in costs associated with insured events.

The company manages persistency risk based on the underwriting policy and guidelines on persistency management which are reviewed by the Board regularly. The company frequently monitors the expense level of each business unit to address expense risk.

The company manages its insurance and reinsurance risk by:

- Ensuring that the company has an appropriate underwriting and reinsurance strategy within an overall risk management framework, including an effective system of internal control
- Identifying, assessing and measuring insurance risk across the company, from an individual policy to a portfolio level

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - CONTINUED**

- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of insurance and reinsurance policies
- Ensuring that risk management policies and procedures are reviewed regularly to reflect changes in the company’s activities and market conditions
- Monitoring that individual and aggregate claims reserves are reviewed regularly using a variety of actuarial techniques
- Ensuring reinsurance is purchased to mitigate the effect of potential loss to the company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital
- Monitoring that reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis
- Limiting concentrations of exposure by class of business, counterparties, geographic location etc.

There were no significant changes in the company’s objectives, policies and processes for managing the risks and the methods used to measure the risks from the previous period.

**Financial risk**

The Company’s principal financial liabilities comprise insurance contract liabilities and other payables. The Company has insurance and other receivables, investments and cash and cash equivalents. The Company does not enter into derivative transactions.

The Company is exposed to market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company’s Directors oversee the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations leading to a financial loss (refer note 1 – ‘IFRS 9 Financial Instruments’). The Company is exposed to credit risk from its operating activities, primarily for receivables arising out of direct insurance operations, and from its financing activities, including deposits with banks and financial institutions.

***Insurance contracts issued and reinsurance contracts held***

The following table provides the amounts representing the maximum exposure to credit risk at the end of the reporting period (Reinsurance contracts held with A- rated carrier):

	<b>2025</b>	<b>2024</b>
	<b>EUR</b>	<b>EUR</b>
	<b>€000’s</b>	<b>€000’s</b>
Insurance contracts issued	<b>147,069</b>	154,609
Reinsurance contracts held	<b>(48,752)</b>	(66,470)
<b>Total</b>	<b>98,317</b>	88,139

**Credit risks related to receivables**

Third Party Administrator (TPA) credit risk is subject to the Company’s established policy, procedures and control relating to customer credit risk management. Credit limits are established for all partners based on internal rating criteria. Outstanding receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned in Note 18. The Company does not hold collateral as security.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - CONTINUED**

**Credit risk related to financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Almost all cash resources are held with one bank which currently has long term issuer credit ratings from the major rating agencies which are in the A range. Investments of surplus funds are made only with approved counterparties. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31<sup>st</sup> December 2025 is the carrying amount as illustrated in Note 18.

The following table details the cash balances held by credit rating of financial institutions:

Rating	Deposits Held	
	2025 EUR €000's	2024 EUR €000's
AAA	4,616	-
AA	-	243
A+	11,724	24,585
A	-	3,788
<b>Total</b>	<b>16,340</b>	<b>28,616</b>

The following table details the breakdown of credit rating for bonds held:

Rating	Bonds Held	
	2025 EUR €000's	2024 EUR €000's
AAA	10,504	19,604
AA-	16,685	4,813
A	5,109	12,456
A-	7,419	14,211
BBB+	15,775	1,556
BBB	33,702	28,499
BBB- or lower	9,514	34,571
<b>Total</b>	<b>98,708</b>	<b>115,710</b>

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - CONTINUED**

**Credit risk – continued**

*Maturity/Ageing analysis and impairment*

At year end there are no impaired receivables, and an impairment allowance was not required. The table below summarises the expected recovery or settlement of assets:

	Up to 1 year* EUR 000's	1-3 years EUR 000's	4+ years EUR 000's	2025 Total EUR 000's
Asset for Insurance Acquisition	1,080	1,111	-	2,191
Cash flows				
Other receivables	21,258	-	-	21,258
Investments	6,496	53,208	39,004	98,708
Cash and cash equivalents	16,340	-	-	16,340
<b>Total</b>	<b>45,174</b>	<b>54,319</b>	<b>39,004</b>	<b>138,497</b>

	Up to 1 year* EUR 000's	1-3 years EUR 000's	4+ years EUR 000's	2024 Total EUR 000's
Asset for Insurance Acquisition	1,080	2,045	-	3,125
Cash flows				
Other receivables	8,569	-	-	8,569
Investments	256	70,338	45,373	115,967
Cash and cash equivalents	28,616	-	-	28,616
<b>Total</b>	<b>38,521</b>	<b>72,383</b>	<b>45,373</b>	<b>156,277</b>

\* Expected recovery or settlement within 12 months from the reporting date.

**Liquidity risk**

The Company is exposed to regular calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company manages its funds in such a manner as to ensure adequate funds are available to meet such calls. The Company's assets principally consist of cash equivalents that can be readily utilised.

*Maturity analysis for portfolios of insurance contracts issued and reinsurance contracts held that are liabilities*

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - CONTINUED**

**Credit risk – continued**

The table below presents a maturity analysis of the portfolios of insurance contracts and reinsurance contracts held that are in a liability position based on the estimated timing of the remaining contractual undiscounted cash flows.

**2025 (EUR)**  
**€ 000's**

<b>Carrying amount</b>	<b>Up to 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4+ years</b>	<b>Total</b>
Insurance contract liabilities	(16,575)	(22,061)	(20,817)	(19,717)	(57,576)	(136,745)
Reinsurance contract liabilities	(27,440)	12,500	11,958	11,439	32,381	40,839
<b>Total</b>	<b>(44,015)</b>	<b>(9,561)</b>	<b>(8,859)</b>	<b>(8,278)</b>	<b>(25,195)</b>	<b>(95,906)</b>

**2024 (EUR)**  
**€ 000's**

<b>Carrying amount</b>	<b>Up to 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4+ years</b>	<b>Total</b>
Insurance contract liabilities	(84,954)	(35,922)	(15,138)	(4,106)	(524)	(104,644)
Reinsurance contract liabilities	29,373	17,109	7,236	1,975	253	55,948
<b>Total</b>	<b>(55,581)</b>	<b>(18,813)</b>	<b>(7,902)</b>	<b>(2,131)</b>	<b>(271)</b>	<b>(48,701)</b>

**Foreign currency risk**

The Company is exposed to foreign currency risk as the Company's insurance transactions and liabilities are largely denominated in EUR whilst the Company's assets are in currencies other than EUR (primarily GBP and USD). This risk is mitigated by the Company holding sufficient assets in the relevant currency to match its liabilities in the same currency as they fall due. Furthermore, the risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

A change of 5% in the functional rate at the reporting date would have increased / (decreased) equity and profit by a 9.7m (2024: €26.2k). This analysis assumes that all other variables remain constant. The increase is driven by the increase in the Company's insurance transactions and liabilities.

The carrying amounts of the company's foreign currency denominated insurance contracts issued and reinsurance contracts held are as follows:

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - CONTINUED**

**Foreign currency risk – continued**

2025	Insurance contracts issued		Reinsurance contracts held	
	In asset position (€000's)	In liability position (€000's)	In asset position (€000's)	In liability position (€000's)
GBP	-	119,730	24,621	-
EUR	-	6,256	4,817	-
CZK	-	7,549	7,188	-
PLN	-	10,279	8,793	-
HUF	-	907	902	-
RON	-	2,349	2,431	-
	-	147,069	48,752	-

2024	Insurance contracts issued		Reinsurance contracts held	
	In asset position (€000's)	In liability position (€000's)	In asset position (€000's)	In liability position (€000's)
GBP	17	137,959	57,336	14
EUR	-	3,528	1,777	-
CZK	-	5,219	2,941	-
PLN	-	6,366	3,626	-
HUF	-	645	349	-
RON	-	907	454	-
	17	154,624	66,483	14

**Interest rate risk**

In general, the Company is exposed to risk associated with the effects of fluctuations in the prevailing level of market interest rates. Assets issued at variable rates expose the Company to cash flow interest risk. Assets issued at fixed rates expose the Company to fair value interest rate risk.

A change of 50 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by €101k (2024: €143k). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

**Price risk**

At 31<sup>st</sup> December 2025 and 2024, the company's exposure to price risk arises from investments held and classified in the balance sheet as at fair value through profit or loss (FVTPL) (note 18).

To manage its price risk arising from investments, the company ensures there is appropriate diversification with its portfolio. If the fair value of the investments increased / (decreased) by 5%, the profit would increase/decrease by €4.9m (2024: €5.8m).

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - CONTINUED**

**Fair values**

The fair value of FVTPL investments is based on quoted market prices at the measurement date. The company's FVTPL investments are classified as Level 1 in the fair value hierarchy.

**Capital management**

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements required by the Malta Financial Services Authority (MFSA) and as required per Solvency II;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In order to maintain or adjust the capital structure, the Company may issue new shares or capitalise contributions received from its shareholders. No changes were made in the objectives, policies or processes during the period ended 31<sup>st</sup> December 2025.

The Company is required to hold regulatory capital for its general insurance business in compliance with the rules issued by the MFSA. The minimum capital requirement must be maintained at all times throughout the year. The Company monitors its capital level on a regular basis. Any transactions that may potentially affect the Company's solvency position are to immediately be reported to the Directors and shareholders for resolution, prior to notifying the MFSA.

The Company is subject to the provisions of the Solvency II Directive (2009/138/EC) which imposes risk-based, regulatory requirements that ascertain the level of the required regulatory capital to be held on the basis of the risks that the Company is or can be exposed to. Under Solvency II requirements, the Company must hold eligible own funds to cover the solvency capital requirement (SCR) and eligible basic own funds to cover the minimum capital requirement (MCR).

The Company has maintained the required capital levels throughout the financial period ending 31<sup>st</sup> December 2025.

**26. RELATED PARTY DISCLOSURES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The company has quota share reinsurance arrangements with reinsurer's within the Fortegra Group. During the year the company ceded premiums totalling € 128.9m (2024: € 75.0m).

The company has entered into administration agreements with related parties. During the year the company paid commissions and administration fees to related parties totalling € 31.8m (2024: €33.8m). An asset for acquisition cashflows amounted to € 1.9m (2024: € 3.1m).

Directors' fees during the period are disclosed in Note 4. Outstanding balances with related parties at the reporting date are disclosed in Notes 20 and 22.

**FORTEGRA EUROPE INSURANCE COMPANY SE**  
**Financial Statements for the year ended 31 December 2025**

---

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**27. IMMEDIATE PARENT AND ULTIMATE PARENT**

The immediate parent of the Company is Fortegra Europe Holdings SE, a company with its registered address at Office Place du Champ de Mars 5, 1050 Ixelles, Belgium.

The ultimate parent of the Company is Tiptree Inc., a company with its registered address at 780, Third Avenue, 21<sup>st</sup> Floor, New York, NY 10017, United States.

Fortegra Financial Corporation, a company with its registered address at Suite 200, 10751 Deerwood Park Boulevard, Jacksonville, FL 32256, United States prepares the consolidated financial statements.

The consolidated financial statements of Tiptree Inc. and Fortegra Financial Corporation may be obtained from their respective registered office addresses listed above.

**28. EVENTS AFTER THE REPORTING DATE**

There are no events to report after the reporting date.

**29. COMPARATIVE INFORMATION**

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with current year's disclosure for the purpose of fairer presentation.