COVER REINSURANCE SEGREGATED PORTFOLIO 1
(a segregated portfolio of Cover Reinsurance SPC, Ltd.)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

COVER REINSURANCE SEGREGATED PORTFOLIO 1
(a segregated portfolio of Cover Reinsurance SPC, Ltd.)

CONTENTS

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INDEPENDENT AUDITOR'S REPORT
To the Directors of Cover Reinsurance SPC, Ltd. – Segregated Portfolio 1

Opinion
We have audited the financial statements of Cover Reinsurance SPC, Ltd. – Segregated Portfolio 1 ("SP1"), which comprise the balance sheets as at December 31, 2025 and 2024, and the statements of income, statements of changes in shareholder's equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SP1 as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

This report, including the opinion, has been prepared for SP1's directors as a body for regulatory filing purposes only. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

Basis for Opinion
We conducted our audits 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 SP1 in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards),* and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter
Management has omitted the required supplementary information that US GAAP require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the US Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, and for such internal control as management determines 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, management is responsible for assessing the SP1'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 management either intends to liquidate the SP1 or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SP1's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the 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 SP1's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 SP1'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 SP1 to cease to continue as a going concern.
- 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.

We communicate with those charged with governance 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 audits.

Grant Thornton Attest (Cayman) LLP

George Town
Grand Cayman
June 30, 2026

COVER REINSURANCE SEGREGATED PORTFOLIO 1
BALANCE SHEETS
AS AT DECEMBER 31, 2025 AND 2024

(Expressed in United States dollars)

	Note	2025 US$	2024 US$ (Restated)
ASSETS			
Cash and cash equivalents	3	32,275	41,555,552
Restricted cash and cash equivalents	3	70,297,344	-
Reinsurance receivable	4, 10	15,794,586	14,700,564
Affiliated net receivable	5, 10	855,263	1,033,007
Deferred acquisition costs		9,674,785	8,810,913
Accrued interest		168,486	96,581
Other assets	5, 10	1,670	2,070
Income tax receivable	9, 10	-	4,379
Deferred tax asset	9, 10	-	71,254
Total Assets		**US$ 96,824,409**	**US$ 66,274,320**
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDER'S EQUITY			
LIABILITIES			
Accrued expenses		72,771	159,963
Unearned premium reserve		24,410,589	23,495,700
Provision for losses and loss adjustment expenses	6	43,849,246	20,092,557
Income tax payable	9	176,217	-
Deferred tax liability	9, 10	193,024	-
Other liabilities	10	911,673	457,593
Total Liabilities		69,613,520	44,205,813
MEZZANINE EQUITY			
Principal-At-Risk note	12	12,000,000	12,000,000
Accrued interest on Principal-At-Risk note	10, 12	3,940,571	1,516,571
		15,940,571	13,516,571
SHAREHOLDER'S EQUITY			
Share capital	7	10	10
Share premium	7	149,990	149,990
Additional paid-in capital	7, 10	8,840,000	8,670,000
Retained earnings (deficit)	10	2,280,318	(268,064)
Total Shareholder's Equity		11,270,318	8,551,936
Total Liabilities, Mezzanine Equity and Shareholder's Equity		**US$ 96,824,409**	**US$ 66,274,320**

Authorized for issuance on behalf of the Board on June 30, 2026

See accompanying notes to the financial statements.

COVER REINSURANCE SEGREGATED PORTFOLIO 1
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in United States dollars)

	Note	2025 US$	2024 US$ (Restated)
UNDERWRITING INCOME			
Reinsurance premiums assumed		70,310,188	46,735,362
Movement in unearned premium reserve		(914,889)	(13,635,568)
		69,395,299	33,099,794
UNDERWRITING EXPENSES			
Losses and loss adjustment expenses paid	6	(15,758,193)	(9,455,072)
Movement in provision for losses and loss adjustment expenses		(23,756,689)	(10,319,185)
Acquisition costs and other underwriting expenses	10	(27,100,798)	(17,841,442)
Movement in deferred acquisition costs		863,872	6,378,355
		(65,751,808)	(31,237,344)
NET UNDERWRITING INCOME		3,643,491	1,862,450
Investment income		2,059,289	729,503
General and administrative expenses	8, 10	(258,024)	(238,812)
Interest on Principal-At-Risk note	12,10	(2,424,000)	(1,516,571)
NET INCOME BEFORE TAX		**US$ 3,020,756**	**US$ 836,570**
Current tax expense	9	(208,096)	-
Deferred tax (expense)/benefit	9, 10	(264,278)	82,941
NET INCOME AFTER TAX		**US$ 2,548,382**	**US$ 919,511**

See accompanying notes to the financial statements.

COVER REINSURANCE SEGREGATED PORTFOLIO 1
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in United States dollars)

	Share capital US$	Share premium US$	Additional paid-in capital US$ (Restated)	Retained earnings/ (deficit) US$ (Restated)	Total US$ (Restated)
Balance as at December 31, 2023	**US$ 10**	**US$ 149,990**	**US$ 11,665,372**	**US$ (1,187,575)**	**US$ 10,627,797**
Net loss for the year	-	-	-	919,511	919,511
Return of capital (Note 7)	-	-	(2,856,749)	-	(2,856,749)
Restatement of contributed surplus (Note 7)	-	-	(138,623)	-	(138,623)
Balance as at December 31, 2024 (restated)	**US$ 10**	**US$ 149,990**	**US$ 8,670,000**	**US$ (268,064)**	**US$ 8,551,936**
Net income for the year	-	-	-	2,548,382	2,548,382
Additional paid-in capital (Note 7)	-	-	170,000	-	170,000
Balance as at December 31, 2025	**US$ 10**	**US$ 149,990**	**US$ 8,840,000**	**US$ 2,280,318**	**US$ 11,270,318**

See accompanying notes to the financial statements.

(Expressed in United States dollars)

	2025 US$	2024 US$ (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	2,548,382	919,511
Adjustments for non-cash items:		
Current tax expense	208,096	-
Deferred tax expense (benefit)	264,278	(82,941)
Change in operating assets and liabilities:		
Reinsurance receivable	(1,094,022)	4,341,048
Affiliated net receivable	150,244	(1,033,007)
Deferred acquisition cost	(863,872)	(6,378,357)
Accrued interest	(71,905)	(75,466)
Other assets	400	(2,070)
Income tax receivable	-	(4,379)
Accrued expenses	(87,192)	(26,460)
Due to core	-	(3,420)
Unearned premium reserve	914,889	13,635,568
Provision for losses and loss adjustment expenses	23,756,689	10,319,185
Other liabilities	454,080	457,593
Net cash provided by operating activities	26,180,067	22,066,805
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional paid-in capital	170,000	(2,995,372)
Principal-At-Risk notes	-	12,000,000
Accrued interest on Principal-At-Risk notes	2,424,000	1,516,571
Net cash provided by financing activities	2,594,000	10,521,199
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS	28,774,067	32,588,004
Cash and cash equivalents and restricted cash and cash equivalents, beginning of the year	41,555,552	8,967,548
Cash and cash equivalents and restricted cash and cash equivalents, end of the year	**US$ 70,329,619**	**US$ 41,555,552**
Supplemental disclosures of cash flow information		
Income tax paid	27,500	4,379

See accompanying notes to the financial statements.

(Expressed in United States dollars)

1. INCORPORATION AND BACKGROUND INFORMATION

Cover Reinsurance SPC, Ltd. (the "Company" or "General Portfolio") was incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands on January 19, 2022, and holds an Unrestricted Class 'B(iii)' Insurer's License under Section 4(3) of Insurance Act (the "Act") of the Cayman Islands. The license enables the Company to transact insurance business, other than domestic business, from within the Cayman Islands.

The Company is wholly owned by Cover Re Inc. (the "Parent"), a Delaware-based company.

The structure as a segregated portfolio company ("SPC") provides the Company with the flexibility and architecture to capitalize on long-term opportunities that may include longer tail risk and/or separate ownership interests. During the year ended December 31, 2025, the Company had one segregated portfolio ("SP1" or the "SP"), which was established on January 19, 2022. These financial statements cover SP1 only.

The assets of the Company can either be the General Portfolio's assets or segregated portfolio assets. The assets attributable to a segregated portfolio comprise assets representing the share capital and reserves attributable to the segregated portfolio and other assets attributable to, or held within, that segregated portfolio. Where a liability arises from a transaction in respect of a particular segregated portfolio and there are insufficient assets within that segregated portfolio, then there will be no recourse to the General Portfolio's assets nor to the assets of any other segregated portfolio.

SP1 was established on January 19, 2022, as a segregated portfolio of the Company and focuses on short-tail property and casualty reinsurance business, primarily sourced from the North American market. The portfolio includes quota share, excess of loss, and retrocessional contracts on both a per risk and catastrophe/event basis, with a strong emphasis on quota share participation across a broad range of lines including commercial property, general liability, workers' compensation, marine, aviation, professional lines, and personal auto. Excess of loss participations are selectively undertaken to complement the quota share portfolio, primarily in short-tail classes such as property catastrophe, marine, and aviation, with a focus on limiting attritional exposures.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States ("U.S. GAAP") and reflect the following policies:

Use of estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. While management believes that the amounts included in the financial statements reflect SP1's best estimates and assumptions, actual results could differ from those estimates.

Cash and cash equivalents and restricted cash and cash equivalents
Cash and cash equivalents are highly liquid financial instruments purchased with an original maturity of three months or less. Restricted cash and cash equivalents represent amounts that are subject to legal or contractual restrictions on withdrawal or use. Such restrictions may include requirements to use the funds for a specified purpose or limitations on their availability for general operations. The Company maintains sweep accounts as part of its cash management processes which has been classified as restricted cash and cash equivalents.

Reinsurance premiums assumed
Reinsurance premiums assumed are recognized as earned on a pro rata basis over the period of the policies written by the ceding insurers with the portion of reinsurance premiums assumed that will be earned in the future deferred and reported in the unearned premiums reserve on the balance sheets. Reinsurance premium adjustments are recognized in the period premium adjustments are reported by the ceding insurers. The insurance policies reinsured by SP1 provide for premium adjustments based upon the results of future premium based reviews.

(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reinsurance premiums assumed (continued)
SP1 has accrued the estimated ultimate premiums based on management's best estimate. Although management believes that such estimate is reasonable, no assurance can be given that the actual premiums will not vary from the estimates recorded. Future adjustments to the amounts recorded as of December 31, 2025 will be reflected in the statements of income of future years when such adjustments become known or estimable.

Acquisition costs
Acquisition costs and other underwriting expenses represent those costs which vary with and are primarily related to the acquisition of new insurance contracts and consists primarily of commission expenses. These costs are deferred and are amortized over the period during which related premiums are recognized and are included within deferred acquisition costs on the balance sheet.

Provision for losses and loss adjustment expenses
The provision for losses and loss adjustment expenses represents management's best estimate of the expected ultimate cost of reported losses and includes a provision for incurred but not reported losses ("IBNR"). For reported losses and loss adjustment expenses, management relies on claims notified to SP1 by its ceding insurers. For IBNR, reserve estimates are based on SP1's own actuarial estimates derived from reports received from ceding companies, industry data and historical experience. Although management believes that the amounts are adequate, the ultimate cost of settlement may vary from the amount recorded. The estimates are reviewed periodically and as adjustments to the liability become necessary, such adjustments are reflected in the statements of income in the period in which they arise.

Loss estimates are based upon actuarial and statistical projections, an assessment of currently available data, predictions of future developments, estimates of future trends and other factors. The final settlement of losses may vary, perhaps materially, from the reserves recorded. All adjustments to the estimates are recorded in the period in which they are determined. U.S. GAAP does not permit establishing loss reserves, which include case reserves and IBNR loss reserves, until the occurrence of an event which may give rise to a claim. As a result, only loss reserves applicable to losses incurred up to the reporting date are established, with no allowance for the establishment of loss reserves to account for expected future loss events.

Generally, SP1 obtains regular updates of premium and loss-related information for the current and historical periods, which are utilized to update the initial expected loss ratio. There may be a lag between (i) claims being reported by the underlying insured to SP1's cedants and (ii) claims being reported by SP1's cedants to SP1. This lag may impact SP1's loss reserve estimates. Client reports have pre-determined due dates (for example, fifteen days after each month end). As a result, the lag depends in part upon the terms of the specific contract. The timing of the reporting requirements is designed so that SP1 receives premium and loss information as soon as practicable once the client has closed its books. Accordingly, there should be a short lag in such reporting. Additionally, most of the contracts that have the potential for large single event losses have provisions that such loss notifications are provided to SP1 immediately upon the occurrence of an event. Once the updated information is received, SP1 uses a variety of standard actuarial methods for its analysis annually. Such methods may include the following:

- ***Paid Loss Development Method.*** Ultimate losses are estimated by calculating past paid loss development factors and applying them to exposure periods with further expected paid loss development. The paid loss development method assumes that losses are paid in a consistent pattern. It provides an objective test of reported loss projections because paid losses contain no reserve estimates.

- ***Reported Loss Development Method.*** Ultimate losses are estimated by calculating past reported loss development factors and applying them to exposure periods with further expected reported loss development. Since reported losses include payments and case reserves, changes in both of these amounts are incorporated in this method.

(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for losses and loss adjustment expenses (continued)

- ***Expected Loss Ratio Method.*** Ultimate losses are estimated by multiplying earned premiums by an expected loss ratio. The expected loss ratio is selected using industry data, historical SP1 data and actuarial professional judgment. This method is typically used for lines of business and contracts where there are no historical losses or where past loss experience is not considered applicable to the current period.

- ***Bornhuetter-Ferguson Paid Loss Method.*** Ultimate losses are estimated by modifying expected loss ratios to the extent that paid losses experienced to date differ from what would have been expected to have been paid based upon the selected paid loss development pattern. This method avoids some of the distortions that could result from a large development factor being applied to a small base of paid losses to calculate ultimate losses.

- ***Bornhuetter-Ferguson Reported Loss Method.*** Ultimate losses are estimated by modifying expected loss ratios to the extent reported losses experienced to date differ from what would have been expected to have been reported based upon the selected reported loss development pattern. This method avoids some of the distortions that could result from a large development factor being applied to a small base of reported losses to calculate ultimate losses.

- ***Frequency / Severity Method.*** Ultimate losses are estimated under this method by multiplying the ultimate number of claims (i.e. the frequency multiplied by the exposure base on which the frequency has been determined), by the estimated ultimate average cost per claim (i.e. the severity). This approach enables trends and patterns in the rates of claims emergence (i.e. reporting) and settlement (i.e. closure), as well as in the average cost of claims, to be analyzed separately.

In addition, SP1 may supplement its analysis with other reserving methodologies that are deemed to be relevant to specific contracts.

For each contract, SP1 utilizes reserving methodologies that are deemed appropriate to calculate a best, or "point," estimate of reserves. The decision as to whether to use a single methodology or a combination of multiple methodologies depends upon the segment of the portfolio being analyzed and the judgment of the actuaries. SP1's reserving methodology does not require a fixed weighting of the various methods used. Certain methods are considered more appropriate than others depending on the type, structure, age, maturity and duration of the expected losses on the contract.

SP1's gross aggregate reserves are the sum of the point estimate reserves of all portfolio exposures. Generally, IBNR loss reserves are calculated by estimating the ultimate incurred losses at any point in time and subtracting cumulative paid claims and case reserves.

Income taxes
The SP accounts for income taxes under FASB Accounting Standards Codification 740 'Income Taxes' ("ASC 740"). Under ASC 740, deferred income tax assets and liabilities are determined based on the difference between the tax basis of an asset or liability and its reported amount in the financial statements using enacted tax rates. As required by the uncertain tax position guidance in ASC 740, the SP recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

(Expressed in United States dollars)

3. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS

	2025 US$	2024 US$
Computershare account - restricted	59,300,797	36,226,996
Truist account - restricted	6,168,088	-
Wells Fargo account – call account - restricted	4,828,459	-
RESTRICTED CASH AND CASH EQUIVALENTS	**70,297,344**	**36,226,996**
Scotiabank & Wells Fargo – call accounts	32,275	5,328,556
CASH AND CASH EQUIVALENTS	**32,275**	**5,328,556**
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS	**US$ 70,329,619**	**US$ 41,555,552**

The Call accounts are held in the Cayman Islands and the United States of America and are managed within the guidelines established by the Board of Directors.

The cash held in the Computershare and Truist Trust Accounts, and the Wells Fargo call account (unrestricted in 2024) is restricted cash, held as collateral.

4. REINSURANCE RECEIVABLE

As at December 31, 2025, the Company had reinsurance receivable balance amounting to US$15,794,586 (2024: US$14,700,564) which included the premiums receivable net of losses paid and acquisition costs.

5. RELATED PARTY TRANSACTIONS

The Company's sole shareholder is Cover Re Inc. as described in Note 1. Related party transactions consisted of capital contributions from SP1's shareholder.

During the year ended December 31, 2025, the Company's sole shareholder, Cover Re Inc. received US$2,086,372 (2024 (restated): US$1,725,285) on behalf of the Company from the cedents as settlement for a portion of the net reinsurance dues as per the reinsurance agreements for the effective treaty programs.

During the year ended December 31, 2025, the Company owed the sole shareholder, Cover Re Inc. US$1,231,109 (2024 (restated) : US$692,278), for underwriter's fees paid on the Company's behalf.

Amounts due from Core US$1,670 (2024 (restated): US$2,070) relate to general and administrative expenses paid for by the SP and has been classified under other assets.

(Expressed in United States dollars)

6. PROVISION FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

The provision for losses and loss adjustment expenses as at December 31, 2025 and 2024 comprises the following:

	2025 US$	2024 US$
Reported losses	13,822,805	7,018,353
Incurred but not reported losses	30,026,441	13,074,204
	US$ 43,849,246	**US$ 20,092,557**

Activity in the provision for losses and loss adjustment expenses is summarized as follows:

	2025 US$	2024 US$
Balance, beginning of year	20,092,557	9,773,372
Incurred related to:		
Current year	35,134,744	23,699,982
Prior periods	4,380,138	(3,925,725)
	39,514,882	19,774,257
Paid related to:		
Current year	(7,824,078)	(7,868,871)
Prior periods	(7,934,115)	(1,586,201)
	(15,758,193)	(9,455,072)
Balance, end of year	**US$ 43,849,246**	**US$ 20,092,557**

In the opinion of management, the provision for losses and loss adjustment expenses as at the balance sheet date is adequate to cover SP1's expected ultimate unpaid liability under the reinsurance policies assumed. Consistent with most companies with similar reinsurance operations, SP1's liability for losses is ultimately based on management's reasonable expectations of future events. It is reasonably possible that the expectations associated with these amounts could change in the near term (i.e. within one year) and that the effect of such changes could be material to the financial statements.

SP1 determines the provision for losses and loss adjustment expenses based upon the percentage of liability arising from its participation in treaties on a quota share basis with the various carriers.

(Expressed in United States dollars)

6. PROVISION FOR LOSSES AND LOSS ADJUSTMENT EXPENSES (continued)

ASU 2015-09: Disclosures about short duration contracts

Private automobile ultimate incurred losses and allocated loss adjustment expenses, net of reinsurance, as at December 31, 2025 are as follows:

Incurred claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31,				Dec 31, 2025
	2022	2023	2024	2025	Total IBNR plus expected development on reported claims
2022	8,604	9,462	8,924	9,117	190
2023	-	2,423	2,278	2,336	36
2024	-	-	-	-	-
2025	-	-	-	-	-
Total	**8,604**	**11,885**	**11,202**	**11,453**	**226**
All prior accident year outstanding liabilities, net of reinsurance					-
Liabilities for claims and claims adjustment expenses, net of reinsurance					**226**

Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31,			
	2022	2023	2024	2025
2022	4,440	7,450	8,592	8,927
2023	-	1,905	2,205	2,300
2024	-	-	-	-
2025	-	-	-	-
Total	**4,440**	**9,355**	**10,797**	**11,227**

(Expressed in United States dollars)

6. PROVISION FOR LOSSES AND LOSS ADJUSTMENT EXPENSES (continued)

ASU 2015-09: Disclosures about short duration contracts

Multiline ultimate incurred losses and allocated loss adjustment expenses, net of reinsurance, as at December 31, 2025 are as follows:

Incurred claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31,				Dec 31, 2025
	2022	2023	2024	2025	Total IBNR plus expected development on reported claims
2022	201	167	136	174	19
2023	-	8,010	4,508	4,542	915
2024	-	-	3,318	3,197	712
2025	-	-	-	-	-
Total	**201**	**8,177**	**7,962**	**7,913**	**1,646**
All prior accident year outstanding liabilities, net of reinsurance					-
Liabilities for claims and claims adjustment expenses, net of reinsurance					**1,646**

Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31,			
	2022	2023	2024	2025
2022	78	109	103	154
2023	-	3,734	2,848	3,627
2024	-	-	2,222	2,486
2025	-	-	-	-
Total	**78**	**3,843**	**5,173**	**6,267**

(Expressed in United States dollars)

6. PROVISION FOR LOSSES AND LOSS ADJUSTMENT EXPENSES (continued)

ASU 2015-09: Disclosures about short duration contracts

Commercial Auto ultimate incurred losses and allocated loss adjustment expenses, net of reinsurance, as at December 31, 2025 are as follows:

Incurred claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025	Dec 31, 2025 Total IBNR plus expected development on reported claims
2022	-	-	-	-	-
2023	-	2,735	2,467	2,678	979
2024	-	-	6,540	7,932	4,522
2025	-	-	-	11,036	9,266
Total	**-**	**2,735**	**9,007**	**21,646**	**14,767**
All prior accident year outstanding liabilities, net of reinsurance					-
Liabilities for claims and claims adjustment expenses, net of reinsurance					**14,767**

Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025
2022	-	-	-	-
2023	-	524	1,212	1,698
2024	-	-	1,440	3,410
2025	-	-	-	1,770
Total	**-**	**524**	**2,652**	**6,878**

(Expressed in United States dollars)

6. PROVISION FOR LOSSES AND LOSS ADJUSTMENT EXPENSES (continued)

ASU 2015-09: Disclosures about short duration contracts

General liability ultimate incurred losses and allocated loss adjustment expenses, net of reinsurance, as at December 31, 2025 are as follows:

Incurred claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025	Dec 31, 2025 Total IBNR plus expected development on reported claims
2022	-	-	4	2	-
2023	-	707	1,062	1,057	768
2024	-	-	2,248	3,594	3,270
2025	-	-	-	5,158	5,026
Total	**-**	**707**	**3,314**	**9,811**	**9,064**
All prior accident year outstanding liabilities, net of reinsurance					-
Liabilities for claims and claims adjustment expenses, net of reinsurance					**9,064**

Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025
2022	-	-	1	2
2023	-	37	138	289
2024	-	-	109	323
2025	-	-	-	131
Total	**-**	**37**	**248**	**745**

(Expressed in United States dollars)

6. PROVISION FOR LOSSES AND LOSS ADJUSTMENT EXPENSES (continued)

ASU 2015-09: Disclosures about short duration contracts

Workers' compensation ultimate incurred losses and allocated loss adjustment expenses, net of reinsurance, as at December 31, 2025 are as follows:

Incurred claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025	Dec 31, 2025 Total IBNR plus expected development on reported claims
2022	-	-	-	-	-
2023	-	20	3	6	-
2024	-	-	8,993	9,402	4,534
2025	-	-	-	10,161	7,332
Total	**-**	**20**	**8,996**	**19,569**	**11,866**
All prior accident year outstanding liabilities, net of reinsurance					-
Liabilities for claims and claims adjustment expenses, net of reinsurance					**11,866**

Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025
2022	-	-	-	-
2023	-	-	3	6
2024	-	-	1,786	4,868
2025	-	-	-	2,829
Total	**-**	**-**	**1,789**	**7,703**

(Expressed in United States dollars)

6. PROVISION FOR LOSSES AND LOSS ADJUSTMENT EXPENSES (continued)

ASU 2015-09: Disclosures about short duration contracts

Commercial Property ultimate incurred losses and allocated loss adjustment expenses, net of reinsurance, as at December 31, 2025 are as follows

Incurred claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025	Dec 31, 2025 Total IBNR plus expected development on reported claims
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	523	801	297
2025	-	-	-	2,589	1,629
Total	**-**	**-**	**523**	**3,390**	**1,926**

All prior accident year outstanding liabilities, net of reinsurance	-
Liabilities for claims and claims adjustment expenses, net of reinsurance	**1,926**

Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	12	504
2025	-	-	-	960
Total	**-**	**-**	**12**	**1,464**

(Expressed in United States dollars)

6. PROVISION FOR LOSSES AND LOSS ADJUSTMENT EXPENSES (continued)

ASU 2015-09: Disclosures about short duration contracts

Homeowners ultimate incurred losses and allocated loss adjustment expenses, net of reinsurance, as at December 31, 2025 are as follows

Incurred claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025	Dec 31, 2025 Total IBNR plus expected development on reported claims
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	2,078	2,627	279
2025	-	-	-	6,191	4,056
Total	**-**	**-**	**2,078**	**8,818**	**4,335**
				All prior accident year outstanding liabilities, net of reinsurance	-
				Liabilities for claims and claims adjustment expenses, net of reinsurance	**4,335**

Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	2,300	2,348
2025	-	-	-	2,134
Total	**-**	**-**	**2,300**	**4,482**

(Expressed in United States dollars)

6. PROVISION FOR LOSSES AND LOSS ADJUSTMENT EXPENSES (continued)

ASU 2015-09: Disclosures about short duration contracts

Other ultimate incurred losses and allocated loss adjustment expenses, net of reinsurance, as at December 31, 2025 are as follows

Incurred claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025	Dec 31, 2025 Total IBNR plus expected development on reported claims
2022	-	-	-	-	-
2023	-	9	9	18	18
2024	-	-	-	-	-
2025	-	-	-	-	-
Total	**-**	**9**	**9**	**18**	**18**
All prior accident year outstanding liabilities, net of reinsurance					-
Liabilities for claims and claims adjustment expenses, net of reinsurance					**18**

Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance (000's)

Accident Year	For the years ended December 31, 2022	2023	2024	2025
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
Total	**-**	**-**	**-**	**-**

(Expressed in United States dollars)

6. PROVISION FOR LOSSES AND LOSS ADJUSTMENT EXPENSES (continued)

The reconciliation of the net incurred and paid losses development tables to the provision for losses and loss adjustment expenses in the balance sheet is as follows:

	2025 US$	2024 US$
Private automobile	226,168	2,762,087
Multiline	1,646,036	405,101
Commercial auto	14,766,890	6,355,016
General liability	9,064,299	3,066,017
Workers' compensation	11,866,483	7,206,175
Commercial property	1,925,955	511,246
Homeowners	4,335,415	(222,085)
Other	18,000	9,000
Provision for losses and loss adjustment expenses	**43,849,246**	**20,092,557**

SP1 does not reinsure nor discount its liabilities, nor are there any other adjustments to net incurred and paid loss and loss adjustment expenses. Therefore, the net incurred and paid loss and loss adjustment expenses reconcile directly to the provision for losses and loss adjustment expenses on the balance sheet.

As a reinsurance entity, SP1 generally does not receive detailed claims frequency information or claims counts from ceding insurers and third-party claim handlers. Due to the nature of the reinsurance contracts, the underlying insured reports claims to the insurer who cedes losses to SP1. SP1 is contractually obligated to reimburse the ceding insurers for its share of the losses. While SP1 has the right to conduct audits of the ceding insurers' claims files, the insurer is generally not obligated to provide detailed listings of claims counts or other claims frequency information to SP1. Therefore, it is impracticable for SP1 to present the cumulative number of reported claims by accident year under the requirements of ASU 2015-09. The required supplementary disclosures on the average annual percentage payout of incurred losses have also not been disclosed.

7. SHARE CAPITAL AND SHARE PREMIUM

Issued and fully paid:

	2025 US$	2024 US$
10 segregated portfolio shares of par value US$1 each	10	10
Share premium	149,990	149,990
	US$ 150,000	**US$ 150,000**

The share premium of US$149,990 represents funds that were paid in excess of the nominal or par value of the shares issued.

Additional paid-in capital represents funds paid into SP1 by the shareholders. During the year ended December 31, 2025, US$170,000 was contributed. US$2,995,372 was returned in 2024.

(Expressed in United States dollars)

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2025 US$	2024 US$
Insurance manager fees	161,677	140,000
Audit fee	49,300	40,000
Annual government fee	24,604	24,025
Tax consultancy fee	10,535	21,945
Office expenses	5,000	5,000
Registered office fee	3,000	3,000
Travel and meeting expenses	2,425	1,541
Bank charges	1,083	1,791
Cells management fee	400	1,510
	US$ 258,024	**US$ 238,812**

9. INCOME TAXES

At present, no income, profit, or capital gain taxes are levied in the Cayman. In the event that such taxes are levied, the Company has received an undertaking from the Cayman Islands Government exempting it from all such taxes until January 15, 2041. The Company has elected to be treated as a U.S. tax payer under section 953(d) of the U.S. Internal Revenue Code.

Under ASC 740, deferred taxes have been provided for the years ended December 31, 2025 and 2024. Total income taxes for the years ended December 31, 2025 and 2024 have been allocated as follows:

	2025 US$	2024 US$ (Restated)
Current tax expense	(208,096)	-
Deferred tax (expense)/ benefit	(264,278)	82,941
	US$ (472,374)	**US$ 82,941**

As at December 31, 2025 and 2024, the income tax expense reflected in the accompanying financial statements differs from the expected federal income tax rate of 21% (2024: 21%) of the Company's net income for the following reasons:

	2025 US$	2024 US$ (Restated)
Income tax expense at statutory rate	(634,359)	(175,680)
Valuation allowance	-	258,621
Prior year true up	161,985	-
	US$ (472,374)	**US$ 82,941**

(Expressed in United States dollars)

9. INCOME TAXES (continued)

The components of income tax payable are as follows:

	2025 US$	2024 US$ (Restated)
Income tax receivable, beginning of the year	4,379	-
Current income tax expense	(208,096)	-
Income tax payments	27,500	4,379
Income tax (payable)/receivable, end of the year	**US$ (176,217)**	**US$ 4,379**

The tax effects of temporary differences that give rise to significant portions of the deferred tax provision at December 31, 2025 and 2024 are as follows:

	2025 US$	2024 US$ (Restated)
Deferred tax asset:		
Unearned premium reserve, net of prepaid insurance	1,025,245	986,820
Discount on loss and loss adjustment expenses	811,411	183,030
Unrealized loss on investments	2,025	-
Net operating loss carryforward	-	751,695
Gross Deferred Tax Asset	1,838,681	1,921,545
Valuation allowance	-	-
Deferred tax asset	**US$ 1,838,681**	**US$ 1,921,545**
Deferred tax liability:		
Deferred acquisition costs	(2,031,705)	(1,850,291)
Deferred tax liability	**US$ (2,031,705)**	**US$ (1,850,291)**
Net deferred tax (liability) asset	**US$ (193,024)**	**US$ 71,254**

The SP accounts for uncertain tax positions following a prescribed recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Interest and penalties, if any, incurred as a result of a tax position not upheld would be recorded as a component of operations. There were none recorded for the year ended December 31, 2025 (2024: US$nil).

10. PRIOR YEAR RESTATEMENT

During the year ended December 31, 2025, the Company identified errors in the accounting or classification as follows:

Accrued interest on Principal-At-Risk notes
In the prior year, the Company calculated interest expense on its Principal-At-Risk notes using an incorrect basis of calculation. Specifically, interest was determined based on interest accruing on each drawdown rather than the from the inception of the initial deployment of the note. As a result, interest expense and the related liability for Principal-At-Risk notes were misstated in the financial statements for the year ended December 31, 2024.

(Expressed in United States dollars)

10. PRIOR YEAR RESTATEMENT (continued)

Underwriting Accrual
The Company also identified an error in the recognition of certain underwriting expenses. In prior periods, the related underwriting accrual was determined on a payments (cash) basis rather than on an accrual basis consistent with U.S. GAAP. As a result, underwriting expenses and accrued liabilities were misstated in the financial statements for the year ended December 31, 2024. In the current year, the Company records these amounts on an accrual basis, recognizing underwriting expense in the period in which the underlying services are provided and the obligation is incurred. These were classified as other liabilities.

Reclassification of contributed surplus
The Company also determined that amounts previously presented within contributed surplus in equity represented funding deployed from the member fund and should have been recorded as a receivable from affiliate (an asset) rather than as a capital contribution. Accordingly, as of December 31, 2024, the Company reclassified the affected balances from contributed surplus to receivable from affiliate on the balance sheet. This correction did not impact total shareholders' equity but changed its classification between assets and equity.

Affiliated net receivable reclassification
Historically, due to parent and due from parent balances with the same legal entity were presented on a gross basis in the balance sheet. After further evaluation, management concluded that these amounts met the criteria for offsetting and should have been presented on a net basis within affiliate receivables (or affiliate payables, as appropriate). As of December 31, 2025, the Company reclassified these amounts to present a single net receivable from affiliate balance. This change affected only the gross presentation of assets and liabilities and did not impact total assets, total liabilities, or shareholders' equity.

Reinsurance receivable
The Company also determined that certain amounts previously presented as "Receivable from affiliate" related to settlements of assumed or ceded reinsurance arrangements and should be classified consistent with other reinsurance-related balances. This reclassification did not affect previously reported net income, total assets, total liabilities, or total shareholders' equity. It is presented as a reclassification to better reflect the nature of the underlying transactions.

The December 31, 2024 financial year comparative balances and amounts have been restated as follows:

Balance sheet

2024	**As presented in prior year US$**	**Restatement US$**	**As restated US$**
Assets			
Reinsurance receivable	13,463,628	1,236,936	14,700,564
Affiliated net receivable	3,100,843	(2,067,836)	1,033,007
Deferred tax (liability) asset	(574,624)	645,878	71,254
Income tax receivable	-	4,379	4,379
Other assets	2,260	(190)	2,070
Liabilities			
Due to Parent	309,279	(309,279)	-
Other liabilities	-	457,593	457,593
Mezzanine equity			
Accrued interest on Principal-At-Risk note	190	1,516,381	1,516,571

(Expressed in United States dollars)

10. PRIOR YEAR RESTATEMENT (continued)

Balance sheet (continued)

2024	As presented in prior year US$	Restatement US$	As restated US$
Shareholder's equity			
Additional paid-in capital	8,808,623	(138,623)	8,670,000
Retained earnings (deficit)	1,438,839	(1,706,903)	(268,064)

Statement of Income

2024	As presented in prior year US$	Restatement US$	As restated US$
Underwriting Expenses			
Acquisition costs and other underwriting expenses	(17,005,229)	(836,213)	(17,841,442)
Investment income	729,693	(190)	729,503
General and administrative expenses	(239,004)	192	(238,812)
Interest on Principal-At-Risk notes	-	(1,516,571)	(1,516,571)
Deferred tax (expense)/benefit	(562,937)	645,878	82,941
Net Income	2,626,414	(1,706,903)	919,511

Statement of Cash Flows

2024	As presented in prior year US$	Restatement US$	As restated US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	2,626,414	(1,706,903)	919,511
Adjustments for non-cash items:			
Deferred tax expense (benefit)	562,937	(645,878)	(82,941)
Change in operating assets and liabilities:			
Reinsurance receivable	5,577,984	(1,236,936)	4,341,048
Affiliated net receivable	-	(1,033,007)	(1,033,007)
Due to parent	309,279	(309,279)	-
Other assets	(2,260)	190	(2,070)
Other liabilities	-	457,593	457,593
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional paid-in capital	(2,856,749)	(138,623)	(2,995,372)
Accrued interest on Principal-At-Risk notes	190	1,516,381	1,516,571

(Expressed in United States dollars)

10. PRIOR YEAR RESTATEMENT (continued)

Management has concluded that the errors described above were not the result of fraud but were due to misapplication of the Company's accounting policies and control deficiencies related to the review of complex instruments, the cutoff of underwriting expenses, and the classification and presentation of intercompany balances. Management has evaluated the impact of these errors on previously issued financial statements and determined that the cumulative effect is material to the 2024 financial statements. Accordingly, the comparative information in the 2025 financial statements has been restated.

11. FINANCIAL INSTRUMENTS

Fair value
At December 31, 2025 and 2024, the following methods and assumptions were used by management to estimate the fair value of each class of financial instruments:

(a) Cash and cash equivalents and restricted cash and cash equivalents

The carrying amount approximates fair value.

(b) Reinsurance receivable, affiliated net receivable, other assets and other liabilities

The above items are substantially short term, and do not bear interest. As such, their carrying amount approximates their fair value.

(c) Provision for losses and loss adjustment expenses

As disclosed in Note 6, the provision for loss and loss adjustment expenses is based upon management's best estimate and relies upon the advice of risk managers and SP1's independent consulting actuary. Due to the uncertainty surrounding the provision, it is not practicable to estimate the final amount and dates of settlement of these losses with sufficient accuracy, which would be necessary in order to determine a reliable fair value of the provision.

Credit risk
SP1 is party to financial instruments with concentration of credit risk in the normal course of business. Credit risk arises from the failure of the counterparties to perform according to the terms of a contract. Financial instruments which potentially subject SP1 to concentrations of credit risk consist primarily of cash and cash equivalents, reinsurance receivable and affiliated net receivable. To minimize this risk, SP1's cash and cash equivalents are held at a reputable financial institution in the United States and Cayman Islands. Management frequently monitors its receivable balances and does not anticipate any material losses as a result of these concentrations of credit risk. SP1 does not require collateral or other security to support financial instruments with credit risk.

SP1's exposure to credit risk is limited to the amounts shown on the balance sheet less amounts insured by the Federal Deposit Insurance Corporation ("FDIC") below:

SP1 holds funds in multiple accounts in excess of the federally insured limit of US$250,000. As of December 31, 2025, the balance exceeded this limit by US$70,047,344 (2024: US$41,225,622). Management does not anticipate any material losses from this concentration, as the cash is held by a high credit quality financial institution.

Market risk
Market risk comprises interest rate risk, currency risk and other price risk. SP1 is exposed to market risk on financial instruments that are valued at market prices. SP1 manages this risk by actively renewing market price information and engaging an investment manager to observe its portfolio.

(Expressed in United States dollars)

12. PRINCIPAL-AT-RISK NOTE

During 2024, SP1 issued a Principal-At-Risk Note ("Note") to Re Member Fund LP, a Cayman Islands exempted limited partnership (the "Partnership"), acting through its General Partner, Re Member Fund GP Ltd, a Cayman Islands exempted company (the "General Partner") as purchaser of this Note (the Partnership so acting through its General Partner, the Purchaser), to raise additional capital from third party investors in support of its reinsurance programs.

For the year ended December 31, 2024, SP1 issued a Note up to $12,000,000 in aggregate which bears interest for each quarterly calculation period at a rate equal to the minimum coupon rate plus any additional coupon rate applicable to such quarterly calculation period in accordance with the conditions and for the avoidance of doubt, interest shall accrue on such further drawdowns starting on the date any such further drawdowns are made. The Principal-at-Risk notes represent a non-controlling and non-voting interest, and funds are actuarially gated until the collateral release is approved.

As at December 31, 2025, the Note accrued interest of $3,940,571 (2024 (restated): $1,516,571).

13. PRESCRIBED AND MINIMUM NET CAPITAL REQUIREMENT

In accordance with the terms of the Insurance (Capital and Solvency) (Class B, C and D Insurers) Regulations, 2012, as a Class B(iii) insurer under the Act, the Company is required to maintain a Prescribed Capital Requirement ("PCR") and a Minimum Capital Requirement. The Minimum Capital Requirement of US$200,000 is maintained within the General Portfolio, and the calculated Prescribed Capital Requirement is maintained by SP1, owing to the fact that all of the Company's reinsurance business is assumed by SP1. The Company elected to maintain 7:1 net earned premium to surplus ratio for the prescribed in their business plan. The Company has also received approval from CIMA to allow for Principal-at-Risk Note funding to be allocated towards its PCR calculation, refer to note 12.

As at December 31, 2025, the Prescribed Capital Requirement was US$10,409,295 (2024: US$4,964,969).

14. SUBSEQUENT EVENTS

On March 4, 2026, the Company received CIMA approval for its Note Issuance Policy ("Note Programme"), a framework designed for existing and future Principal-at-Risk notes. This framework was initially approved with a maximum aggregate limit of US$100,000,000. The proceeds of the notes would be used to support the Company's reinsurance obligations and prescribed capital requirements. On the same date, the Company had also received CIMA approval for the Amended and Restated Principal-at-Risk note that was issued during the 2024 financial year.

On March 9, 2026, the aforementioned Amended and Restated Principal-at-Risk note was executed with an effective date of September 30, 2024. The Amended and Restated was updated to more explicitly reflect the coupon parameters.

On April 2, 2026, and following CIMA's approval, the Company executed the Note Programme and drew down upon US$100,000,000 note proceeds.

Management has evaluated subsequent events to June 30, 2026, which is the date that the financial statements were made available to be issued, noting no further events to be disclosed.