

**NAUTILUS INDEMNITY (EUROPE)  
DESIGNATED ACTIVITY COMPANY**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR  
ENDED 31 MAY 2025**

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## CONTENTS

## PAGE

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Directors and other information	2
Report of the directors	3-4
Statement of directors' responsibilities	5
Independent Auditor's report	6-12
Statement of Comprehensive Income	13
Statement of Changes in Equity	14
Statement of Financial Position	15
Statement of Cash Flows	16
Notes to the Financial Statements	17-41

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## DIRECTORS AND OTHER INFORMATION

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### BOARD OF DIRECTORS

James Engerran  
Glenn Gillard  
Jane Kinney  
Eimear McCarthy

### SECRETARY AND REGISTERED OFFICE

Marsh Management Services (Dublin) Limited  
Charlotte House  
Charlemont Street  
Dublin 2  
Ireland

### SOLICITORS

William Fry  
2 Grand Canal Square  
Dublin 2  
Ireland

### AUDITOR

Grant Thornton  
Chartered Accountants and Statutory Audit Firm  
13-18 City Quay  
Dublin 2  
Ireland

### MANAGER

Marsh Management Services (Dublin) Limited  
Charlotte House  
Charlemont Street  
Dublin 2  
Ireland

### BANKERS

HSBC  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

CRO Number: 552450

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## REPORT OF THE DIRECTORS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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The directors present their annual report and audited financial statements for the financial year ended 31 May 2025.

### Principal activities, principal risks and uncertainties and future developments

The principal activity of Nautilus Indemnity (Europe) Designated Activity Company ("Company") is the provision of Financial Lines ("FL") insurance. That covers professional indemnity, cyber, director & officer (D&O) and employment practice liability insurance (EPLI) coverage, on a claims made basis to the various European member firms of Deloitte Touche Tohmatsu Limited ("DTTL"). DTTL is a UK private company limited by guarantee and its network of member firms are each legally separate and independent entities.

The Company's activities expose the business to a number of key risks, which have the potential to affect its ability to achieve its business objectives. The principal risks facing the Company relate to insurance risk and financial risk. The Company mitigates insurance risk through the purchase of reinsurance which limits the Company's aggregate exposure.

The Company is exposed to financial risk through its investments, reinsurance assets and insurance liabilities. The most significant component of financial risk is investment risk, including interest rate risk, credit risk and liquidity risk. The Company maintains a portfolio of global sovereign bonds that are actively traded and support the Company's operations. The Company's investment policy includes duration, credit quality, and liquidity guidelines which assist the Company in managing these risks (see note 4).

The results and state of affairs is set out on pages 13 to 16.

### Review of the business

During the financial year under review, the Company reported a profit before tax of **\$12,108 thousand** (2024: \$2,353 thousand).

The result for the financial year is stated on page 13. Insurance revenue totalled 36,328 thousand for the year 31 May, 2025, and 40,952 thousand for the year ended 31 May, 2024. Insurance service result totalled \$9,643 thousand for the year ended 31 May 2025, and \$1,951 thousand for the year ended 31 May, 2024. The profit for the financial year after tax amounted to \$10,595 thousand (2024: \$2,059 thousand). The improvement in net income is mainly driven by the stronger insurance service result and investment income in 2025. The Company does not have any qualitative or quantitative key performance indicators.

### Dividends

The directors do not recommend the payment of a dividend (2024: NIL).

### Directors' and secretary interests in shares and debentures

At the beginning and end of the financial year the directors and secretary had no interests in the share capital or debentures, of the Company. At the beginning and end of the financial year, three Directors were partners in member firms of DTTL that are shareholders of the parent Company.

### Post Statement of Financial Position events

There have been no significant events affecting the Company since 31 May 2025.

### Corporate governance requirements for captive insurance and captive reinsurance undertakings 2015

The Company complies with the requirements of the Central Bank of Ireland's "Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings".

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## REPORT OF THE DIRECTORS continued

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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### Audit Committee

The directors have decided not to establish an audit committee as there is already an audit committee at Group level and are thus availing of the exemption for captive companies from establishing an audit committee set out in Section 1551 P(13)(a), Companies (Statutory Audits) Act 2018.

### Directors' compliance statement

As required by section 225(2) of the Companies Act 2014, the directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in that legislation). The directors have drawn up a compliance policy statement and have put in place appropriate arrangements and structures that are, in the directors' opinion, designed to secure material compliance with the relevant obligations. These arrangements and structures were reviewed by the directors during the financial year.

### Accounting books and records

The directors consider they have complied with the Company's obligation under Section 218 to 285 of the Companies Act 2014 to keep adequate accounting records by using appropriate systems and procedures and ensuring that competent persons are responsible for the accounting records. The accounting records are kept at Charlotte House, Charlemont Street, Dublin 2, Ireland.

### Directors

The names of the persons who were directors at any time during the year or post year end are set out below.

James Engerran  
Glenn Gillard  
Jane Kinney  
Eimear McCarthy

### Statement of relevant audit information


In the case of each of the persons who are Directors at the time this report is approved in accordance with Section 332 of the Companies Act 2014;

- (a) So far as each Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and
- (b) Each Director has taken all the steps necessary that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

### Auditors


The previous auditor, BDO, resigned in accordance with rotation requirements. The replacement auditor is, Grant Thornton, Chartered Accountants, who have been appointed to office in accordance with Section 383 of the Companies Act 2014. Grant Thornton were appointed as auditors for the Company on 29 January 2025 for the audit of the 31 May 2025 year-end financial statements.

Signed by:

  
42506763388848D

Glenn Gillard  
Director

Signed by:

  
2E09CB77526C470

Eimear McCarthy  
Director

Date: 23 July 2025 | 11:24 AM BST

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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### Statement of directors' responsibilities - financial statements and internal control

The directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations.

Irish Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Companies Act 2014 and International Financial Reporting Standards ("IFRSs") as adopted by the EU.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Company. The Companies Act 2014 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.


In preparing each of the financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2014, including the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

Approved by the Board and signed on its behalf by;

Signed by:  
  
42506763388848D  
Glenn Gillard  
Director

Signed by:  
  
2F09CB77526C470...  
Eimear McCarthy  
Director

Date: 23 July 2025 | 11:24 AM BST

# Independent auditor's report to the members of Nautilus Indemnity (Europe) Designated Activity Company

## Report on the audit of the financial statements

### **Opinion**

We have audited the financial statements of Nautilus Indemnity (Europe) Designated Activity Company (the "Company"), which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the financial year ended 31 May 2025, and the related notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and IFRS Accounting Standards as adopted by the European Union ("IFRS").

In our opinion, the Company's financial statements:

- give a true and fair view in accordance with IFRS of the assets, liabilities and financial position of the Company as at 31 May 2025 and of its financial performance and cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the Company. 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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue as a going concern included understanding the process management has followed in preparing their assessment and assessing the reasonableness of projections, included within the Company's Own Risk and Solvency Assessment (ORSA), in which the Company assesses its capital requirements and outlines its financial position for a 5 year period. Within the ORSA the Company carries out scenario testing of events to stress the financial health of the Company and we considered where the Company has sufficient capital to meet its base case Solvency Capital Requirement for its current and projected business activities over its business planning horizon. We have considered if the Company has sufficient liquid assets in order to meet potential claims when they arise. We have also reviewed board meeting minutes to check for events and conditions not considered in management's assessment.

# Independent auditor's report to the members of Nautilus Indemnity (Europe) Designated Activity Company

## **Conclusions relating to going concern (continued)**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

## **Key audit matters**

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

### *Overall audit strategy*

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.

Based on the considerations set out below, our areas of focus included valuation of insurance contracts liabilities – liability for incurred claims.

### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole taking into account the structure of the Company, the accounting processes and the controls, and the non-life insurance industry in which the Company operates.

### *Materiality and audit approach*

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as our understanding of the entity and its environment, the history of misstatements and the complexity of the Company, regulatory requirements and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Company to be US\$1,905,000 which is 2.5% of Shareholders' equity. We believe that shareholders' equity reflects the interests of the key stakeholders of the Company as financial stability and solvency through capital are key performance metrics used by the Company.

# Independent auditor's report to the members of Nautilus Indemnity (Europe) Designated Activity Company

## **Key audit matters (continued)**

### *Materiality and audit approach (continued)*

In applying our judgement we considered a number of factors, i.e. concentration of ownership, number of external users of the financial statements, stability of the business environment in which it operates and the level of regulation in the sector.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was to set Performance materiality for the Company at 65% of our materiality, amounting to US\$1,238,250. We have set performance materiality at this percentage due to our expectations about the likelihood of misstatements, primarily based on prior year experience. This is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

Reporting threshold is defined as the amount below which identified misstatements are considered to be clearly trivial. We agreed with the Board of Directors that we would report to them all uncorrected audit differences in excess of US\$95,250 which is set at 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### *Significant matters identified*

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant matters together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

<b>Description of significant matter</b>	<b>Our audit response</b>
<p><i>Valuation of insurance contracts liabilities</i></p> <p>The Company's insurance contract liabilities include an estimate for both specific case reserves which are set on a claim by claim basis and an estimate of the ultimate liability arising under the insurance contracts.</p> <p>The Company calculates insurance contract liabilities after deduction of claims payments and then discounts those liabilities at the risk-free rate, plus an illiquidity premium to reflect expected average payment patterns for claims.</p> <p>We consider the valuation of insurance contract liabilities to be a significant risk and key audit matter as it involves complex and highly judgmental area, which involves the use of actuarial assumptions, methodologies, and valuation models.</p>	<p>Our responses to address this risk involved following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the reserving business process and performed an evaluation of the design and implementation of key controls relevant to the valuation of insurance contract liabilities.</li> <li>• Tested the completeness and accuracy of the data used in actuarial calculations to underlying records and supporting schedules.</li> <li>• With the assistance of actuarial experts evaluated the methodologies and key assumptions used by management by: <ul style="list-style-type: none"> <li>○ Assessing the methodologies used by management and comparing them against market practice.</li> </ul> </li> </ul>

## Independent auditor’s report to the members of Nautilus Indemnity (Europe) Designated Activity Company

<p>Insurance contract liabilities amount to \$380.13 million for the financial year ended 31 May 2025 (2024: \$371.41 million).</p> <p>Refer to the accounting policy disclosures in Notes 3 and 14 of the financial statements.</p>	<ul style="list-style-type: none"> <li>○ Assessing the reasonableness of the assumptions used including reference to managements previous estimates and historical experience. Assessment will include considerations of the results of management’s reviews that were taken into account in determining the current year assumptions as well as our knowledge of the industry.</li> <li>● Perform test of detail on a sample basis of case reserves and review claims information.</li> <li>● Reviewed the Actuarial Report on Technical Provisions and agree to the financial statements.</li> <li>● Reviewed presentation, related notes, and disclosure in financial statements in accordance with applicable reporting framework.</li> </ul> <p>We completed our planned audit procedures with no material exceptions noted.</p>
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### Other matter

The financial statements of Nautilus Indemnity (Europe) Designated Activity Company for the year ended 31 May 2024, were audited by BDO Ireland who expressed an unmodified opinion on those statements on 18 July 2024.

### Other information

Other information comprises the information included in the annual report, other than the financial statements and the auditor’s report thereon, including the Directors’ Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

### Other information (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 we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Independent auditor's report to the members of Nautilus Indemnity (Europe) Designated Activity Company

## **Matters on which we are required to report by the Companies Act 2014**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014, excluding the requirements on sustainability reporting in Part 28.

## **Matters on which we are required to report by exception**

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

## **Responsibilities of management and those charged with governance for the financial statements**

As explained more fully in the Directors' Responsibilities Statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS, and for such internal control as they determine 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 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Responsibilities of the auditor for the audit of the financial statements**

The auditor's 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 their opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf). This description forms part of our auditor's report.

## Independent auditor's report to the members of Nautilus Indemnity (Europe) Designated Activity Company

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (Ireland).

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Central Bank of Ireland, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and Irish tax legislation. As the Company operates in the non-life insurance industry, which is a highly regulated environment, the Audit Engagement Partner considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but not limited to:

- enquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the Company's current activities, the scope of its authorisation and the effectiveness of its control environment to mitigate risks related to fraud;
- inspection of the Company's regulatory (including Central Bank of Ireland) and legal correspondence and review of minutes of meeting during the year to corroborate enquiries made;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including the Insurance Contract Liabilities; and

# Independent auditor's report to the members of Nautilus Indemnity (Europe) Designated Activity Company

## **Responsibilities of the auditor for the audit of the financial statements (continued)**

*Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)*

- evaluating 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 a true and fair view.

The primary responsibility for the prevention and detection of irregularities rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

## **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Report on other legal and regulatory requirements**

We were appointed by the Board of Directors on 29 January 2025 to audit the Company's financial statements for the year ended 31 May 2025 and subsequent financial periods. This is the first year we have been engaged to audit the financial statements of the Company.

We have not provided non-audit services prohibited by the IAASA's Ethical Standard and have remained independent of the entity in conducting the audit.

The audit opinion is consistent with the additional report to the Board of Directors.



Christopher Rogers  
For and on behalf of

## **Grant Thornton**

Chartered Accountants & Statutory Audit Firm  
Dublin

23 July 2025

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## STATEMENT OF COMPREHENSIVE INCOME

Year ended May 31, 2025 (expressed in U.S. dollars)

	Notes	2025 \$000	Restated 2024 \$000
Insurance revenue	5	36,328	40,952
Insurance service expenses	5	1,106	(41,265)
Allocation of reinsurance premiums	5	(26,497)	(30,684)
Amounts recoverable from reinsurers for incurred claims	5	(1,294)	32,948
<b>Insurance service result</b>		<b>9,643</b>	1,951
Net investment return	7	8,820	4,141
Net insurance finance expense from insurance contracts issued	8	(23,758)	(6,117)
Net insurance finance income from reinsurance contracts held	8	19,389	4,874
<b>Net insurance service and investment result</b>		<b>14,094</b>	4,849
Other operating expenses	9	(1,986)	(2,496)
<b>Profit before tax</b>		<b>12,108</b>	2,353
Tax expense	10	(1,513)	(294)
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>10,595</b>	2,059
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE PROFIT FOR THE YEAR</b>		<b>10,595</b>	2,059
<b>Total comprehensive profit attributable to:</b>			
Owners of the Company		10,595	2,059

***The accompanying notes 1 to 18 form an integral part of these financial statements***

*These financial statements have been prepared for the use & benefit of the shareholders, directors and management of the Company, and may not be used or relied upon by any other person or for any other purpose.*

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## STATEMENT OF CHANGES IN EQUITY

As at 31 May 2025

(expressed in U.S. dollars)

		Share Capital \$000	Capital Reserve \$000	Retained Earnings/(Deficit) \$000	Total Equity \$000
Balance as at May 31, 2023	13	950	59,050	3,546	63,546
Total comprehensive profit for the year		-	-	2,059	2,059
Balance as at May 31, 2024	13	950	59,050	5,605	65,605
Total comprehensive profit for the year		-	-	10,595	10,595
Balance as at May 31 2025	13	950	59,050	16,200	76,200

*The accompanying notes 1 to 18 form an integral part of these financial statements*

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY


## STATEMENT OF FINANCIAL POSITION


As at 31 May 2025

(expressed in U.S. dollars)

	Notes	2025 \$000	2024 \$000
<b>ASSETS</b>			
Reinsurance contract assets	14	298,193	287,693
Investments at fair value through profit or loss	12	143,421	131,968
Other assets	11	2,111	1,850
Cash and cash equivalents		15,002	16,678
<b>Total Assets</b>		<b>458,727</b>	438,189
<b>EQUITY</b>			
<b>Capital and Reserves</b>			
Share capital	13	950	950
Capital reserve	13	59,050	59,050
Retained earnings		16,200	5,605
<b>Total Equity</b> – attributable to owners of the Company		<b>76,200</b>	65,605
<b>LIABILITIES</b>			
Insurance contract liabilities	14	380,127	371,409
Other liabilities	15	2,400	1,175
<b>Total Liabilities</b>		<b>382,527</b>	372,584
<b>Total Equity and Liabilities</b>		<b>458,727</b>	438,189

The financial statements on pages 14 to 41 were approved by the Board of Directors on 22 July 2025 and were signed on its behalf by:

Signed by:  
  
 42506763388848D  
 Glenn Gillard  
 Director

Signed by:  
  
 2F09CB77528C470...  
 Eimear McCarthy  
 Director

*The accompanying notes 1 to 18 form an integral part of these financial statements*

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## STATEMENT OF CASH FLOWS

Financial year ended 31 May 2025

(expressed in U.S. dollars)

	Notes	2025 \$000	2024 \$000
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		<b>12,108</b>	2,353
Adjustments for:			
Net investment (income)/ expense	7	<b>(8,820)</b>	(4,141)
Operating cash flows before movements in working capital		<b>3,288</b>	(1,788)
Increase in prepayments and other receivables		<b>(261)</b>	(115)
Increase in insurance contract liabilities		<b>9,979</b>	42,059
Increase in reinsurance contract assets		<b>(10,500)</b>	(35,282)
Increase / (decrease) in expense accruals and other payables		<b>1,225</b>	(269)
(Decrease) / increase in due to a related party		<b>(2,458)</b>	12,590
<b>Cash generated / (used) from operations</b>		<b>1,273</b>	17,195
Income tax paid		<b>(318)</b>	-
<b>Net cash generated / (used) from operating activities</b>		<b>955</b>	17,195
<b>INVESTING ACTIVITIES</b>			
Net realized (losses) / gains on sale of investments	7	<b>(1,489)</b>	1,400
Investment income received	7	<b>3,825</b>	2,913
Purchase of investments	12	<b>(232,428)</b>	(232,000)
Sale of investments	12	<b>227,461</b>	222,224
<b>Net cash used in investing activities</b>		<b>(2,631)</b>	(5,463)
<b>FINANCING ACTIVITIES</b>			
Capital contribution	13	-	-
<b>Net cash generated from financing activities</b>		-	-
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,676)</b>	11,732
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		<b>16,678</b>	4,946
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		<b>15,002</b>	16,678

*The accompanying notes 1 to 18 form an integral part of these financial statements*

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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### 1. DESCRIPTION OF BUSINESS

The Company's principal activity and business purpose is to provide Financial Lines (FL) insurance, including professional indemnity, cyber, director & officer (D&O) and employment practice liability insurance (EPLI) coverage, on a claims made basis to the various European member firms of Deloitte Touche Tohmatsu Limited ("DTTL"). DTTL is a UK private company limited by guarantee and its network of member firms are each legally separate and independent entities.

#### Consolidation

The Company is a wholly-owned subsidiary of Nautilus Indemnity Holdings Limited ("Holdings"), the ultimate parent, which presents consolidated financial statements. The registered office of Holdings is 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 having re-domesticated from Bermuda to the US in December 2024.

#### Currency

The financial statements are expressed in "\$" United States Dollars since this is the functional currency of the Company. This is different to the currency of the country in which the Company is domiciled, which is Euro.

### 2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board and as adopted by the EU, and in accordance with the provisions of the Companies Act 2014. They have been prepared under the historical cost convention, except as modified by the revaluation of certain financial instruments to their fair value.

#### Changes in accounting policies

During the year there have been no changes to accounting policies.

#### Changes in prior year presentation

On review of the 2025 Financial Statements, it was uncovered that in the 2024 Financial Statements the note for Insurance Contract Liabilities in respect of Reinsurance assets had a classification issue. In the incurred claims columns, the sign on the movement within the risk margin was incorrectly put as a negative figure. This should have been an increase, both for the restated year to May 23 and the year to May 24. A compensating error was made for future cash flows and the total was correct – and tied to OW Actuarial report. This made the split between claims balance and risk margin incorrect, but the total balance was not affected.

#### Basis of measurement

The financial statements have been prepared in accordance with the Companies Act 2014 and IFRS Accounting Standards as adopted by European Union ("IFRS"). The financial statement values are presented in United States dollars (US\$) and are rounded to the nearest thousand (\$000), unless otherwise indicated. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The financial statements have been prepared on the historical cost basis, except as modified by the revaluation of certain financial instruments to their fair value and the valuation of the insurance and reinsurance contract assets and liabilities based on their IFRS 17 fulfilment value.

#### Standards, Interpretations and Amendments that have been adopted

There are no new Standards, Interpretations or Amendments to the existing standards that have been published and would be mandatory for the accounting within the reported period or subsequent.

#### IFRS 17 measurement model

IFRS 17 requires a current measurement model where estimates are remeasured each reporting period. Under the General Measurement Model ("GMM"), contracts are measured using the building blocks of discounted probability-weighted fulfilment cash flows, an explicit risk adjustment, and a contractual service margin (CSM) representing the unearned profit of the contract which is recognized as revenue over the coverage period. A simplification, the Premium Allocation Approach (PAA), can be applied if certain eligibility criteria are met. The Group's policies have a coverage period of 12 months or less and so are eligible for the PAA. The group has

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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determined that all insurance contracts meet the Premium Allocation Approach (PAA) and has applied the PAA to all the Group's insurance and reinsurance contracts.

The Company has considered the portfolios of insurance and reinsurance contracts written. The Company considers that there is one distinct product type underwritten, namely FL covering Professional Indemnity, cyber, D&O and EPLI. This is based on how management reviews the underwriting performance of the business, handles claims and performs its insurance reserving practices. Within this product type, the contracts have similar risks and are managed together.

Under the PAA, the liability for remaining coverage (LRC) is measured as the amount of premium received net of insurance acquisition cash flows, less the amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period. The liability for incurred claims (LIC) is determined on a probability weighted expected value basis. The LIC is discounted on risk free rates, plus an illiquidity margin. Premium receipts and insurance acquisition cash flows are recognized in profit or loss over the life of the contract. Where policyholder premiums are yet to be remitted by intermediaries, these premiums are treated as outstanding and included in the insurance contract liabilities.

On initial recognition, the Company assumes that no contracts are onerous unless facts and circumstances indicate otherwise. If facts and circumstances indicate that contracts in a group could be onerous, the onerous assessment is done on a set of similar contracts assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Once contracts are allocated to a group, they are not re-allocated to another group. The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract or group of contracts, any previously recognized acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

The onerous loss which represents the company's net outflow at initial recognition is recognized immediately in the consolidated statement of comprehensive income and a loss component is established in the LRC. The loss component represents the amounts that are subsequently presented as reversals of losses within insurance service expenses and are consequently excluded from the determination of insurance revenue.

For most contracts applying PAA, the measurement of the LIC aligns to the GMM, with an explicit risk adjustment and discounting applied to expected cash flows.

An insurance contract issued by the Group is recognized from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides insurance contract services in respect of any premiums within the boundary of the contract);
- the date the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- the date when facts and circumstances indicate that the contract is onerous.

Reinsurance contracts held are recognized at the beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognizes an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that date, then the group of reinsurance contracts is recognized on that earlier date. This applies to the Company's professional indemnity reinsurance contracts which are excess of loss and proportional cover reinsurance contracts.

Insurance contracts are derecognized when the contract specified obligations/risk period expire, are discharged, or are cancelled. The Company also derecognizes a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognized.

The estimate of future cash flows is assessed at the level of groups of contracts and represents the best estimate of the Company's cost to fulfil a contract incorporating current estimates of non-financial assumptions. The estimate allows for all the cash inflows and outflows expected to occur within the contract boundary. Cash flows are modelled separately for insurance contracts issued and reinsurance contracts held.

After the loss component is recognized, the Company allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between the loss component and the LRC excluding the loss component.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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For groups of onerous contracts, the Company uses locked-in discount rates. They are determined at initial recognition to calculate the changes in the estimate of future cash flows relating to future service (both changes in a loss component and reversals of a loss component). The Company determines the systematic allocation of insurance service expenses incurred based on the percentage of loss component to the total fulfilment cash outflows included in the LRC, including the risk adjustment for nonfinancial risk, excluding any investment component amount. The systematic allocation results in the loss component being equal to zero by the end of the coverage period of the related group of insurance contracts.

The risk adjustment reflects the compensation required by the Group to accept the uncertainty about the amount and timing of future cash flows that arises from non-financial risk. The calculation of the risk adjustment is calibrated to the Company's pricing and capital allocation framework, considering a lifetime view, and including diversification between risks. The change in risk adjustment relating to current or past service is recognized within insurance service result in the statement of comprehensive income. The impact of the change in discounting the risk adjustment for PAA contracts is disaggregated and recognized within insurance finance income (expenses) from insurance contracts.

### Foreign currencies

Transactions in foreign currencies are accounted for at the rates of exchange prevailing on the date of the transactions. Gains and losses arising from the settlement of such transactions are recognized in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the statement of financial position date. Exchange differences on monetary assets and liabilities are recognized and included in profit or loss in the year in which they occur. The Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held. Such fluctuations are included within the net realized and unrealized gain from investments.

### Insurance service result

*Insurance revenue* The Company insurance contracts issued apply the premium allocation approach (PAA) to FL insurance. Insurance revenue is based upon the earning of expected premium receipts over the contract's coverage period based upon the passage of time. FL insurance contracts generally run from June 1 to the following May 31 each year.

### *Insurance service expenses*

Insurance service expenses comprise of:

- Paid claims and insurance reserves as described within the insurance contract liabilities.
- Unallocated loss adjustment expenses.
- Insurance acquisition costs which are earned over the same period as the related premium.
- Losses and reversals of losses from onerous contracts.

### *Net Income and expenses from reinsurance contracts*

Net income and expenses from reinsurance contracts held represents the insurance service result for groups of reinsurance contracts held and is comprised of the following;

- Allocation of reinsurance premiums relate to reinsurance premiums ceded and related brokerage earned using the same principles as used to calculate revenue on insurance contracts over the passage of time.
- Amounts recoverable from reinsurers, which is calculated using the same principles as used to calculate insurance service expenses on insurance contracts.

### *Investment income*

Revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividends that are classified through fair value are accrued on the ex-dividend date. Interest and dividend income is stated net of withholding tax with a provision for income tax receivable based on the withholding taxes paid on particular investments.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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### Insurance contract liabilities

#### *Financial Lines contract liabilities*

Insurance contract liabilities include an estimate for both specific case reserves which are set on a claim by claim basis and an estimate of the ultimate liability arising under the insurance contracts. The Company calculates insurance contract liabilities after deduction of claims payments and then discounts those liabilities at the risk-free rate, plus an illiquidity premium to reflect expected average payment patterns for claims.

Premiums received in advance represent obligations for payments received in advance of the inception of the insurance contracts to which they relate. These liabilities are carried at their estimated fair value and are derecognized at the date of recognition of the related group of insurance contracts at which point they form part of that group's initial measurement.

Onerous contracts as previously described are reported under insurance contract liabilities.

### Reinsurance contract liabilities

Reinsurance contract assets arising from insurance contract liabilities are estimated using principles consistent with the Company's method for establishing the related liability and discounted on the same basis as the liabilities under insurance contracts.

### Other financial liabilities

Represent expenses payable or accrued for operational costs and exclude any insurance or reinsurance amounts payable.

### Financial instruments

Financial instruments are recognized on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial instruments are classified into the following specific categories: "at fair value" and "at amortized cost". The Company classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through Profit and Loss (FVTPL).

Financial instruments include:

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at fair value, which is equivalent to their nominal value.

#### *Investments*

Investments comprise custodial deposits held for investment purposes and government fixed income securities. Investments are recognized and derecognized on a trade date basis where the purchase or sale of an investment is under a contract the terms of which require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value.

Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date. Investments have been designated as "at fair value through profit or loss". Investments are classified into this category, where:

- they are acquired principally for the purpose of selling in the short term and form part of a portfolio of financial assets in which there is evidence of short term profit-taking; or
- they are part of a group of financial assets that are managed, and their performance is evaluated by management, on a fair value basis in accordance with a documented investment strategy; or
- where so designated by management to minimize any measurement or recognition inconsistency with the associated liabilities.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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All fair value gains and losses are recognized in net investment income, which is stated net of investment management fees. The fair values of quoted investments are based on current bid prices.

### *Receivables including insurance receivables*

Receivables including insurance receivables are classified as "at amortized cost" and are initially measured at their estimated fair value and subsequently measured at amortized cost, using the effective interest rate method. These receivables are subject to an insignificant risk of changes in value. Appropriate allowances for estimated unrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired.

### *Trade and other payables*

Trade and other payables are classified as "at amortized cost" and are initially measured at their estimated fair value and subsequently measured at amortized cost, using the effective interest rate method. These liabilities are subject to an insignificant risk of changes in value.

### *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### *Derivative financial instruments*

The Company enters into derivative financial instruments, comprising forward foreign currency contracts and interest rate futures, to manage the various market risks within the fixed income portfolio. These contracts are initially recognized at fair value, at the date a contract is entered into, and are subsequently re-measured to their fair value at each reporting date. Resulting gains or losses are recognized in profit or loss immediately. Derivative instruments with a positive fair value are recognized as a financial assets and those with a negative fair value are recognized as financial liabilities.

### *Impairment of financial assets*

The Company recognises an allowance for ECLs for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company's financial assets held at amortised cost mainly comprises of cash and cash equivalents and other deposits. These are held with high-credit worthy counterparties and, therefore, are considered to be low credit risk assets. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

The Company considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **Deferred taxation**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity.

### Impairment of assets

At each statement of financial position date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated. Impairment losses, and any subsequent reversals of impairment losses, are recognized in profit or loss.

### Cash flows

For the purposes of the statement of cash flows, cash and cash equivalents include deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### New IFRS interpretations and amendments not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt the new and amended standards and interpretations, if applicable, when they become effective.

#### *Lack of exchangeability – Amendments to IAS 21*

In August 2023, IAS 21 The Effects of Changes in Foreign Exchange Rates amended to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Company's financial statements.

#### *IFRS 18 Presentation and disclosure in financial statements*

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the financial statements and the notes.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the financial statements and notes to the financial statements.

### *Amendments to Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7*

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Company is currently not intending to early adopt the Amendments. With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Company is currently performing an assessment of all material electronic payment systems utilised in the various jurisdictions it operates, in order to assess whether the amendments will result in a material change with respect to current practices and whether it meets the conditions to apply the accounting policy option to derecognise such financial liabilities before the settlement date. Moreover, the Company is reviewing all its other payment systems (such as cheques, credit cards, debit cards) to ensure that the corresponding financial assets are derecognised when the right to cash flows are extinguished and that the corresponding financial liabilities are derecognised on settlement date.

### *IFRS 19 - Subsidiaries without Public Accountability*

*On 9 May 2024, the International Accounting Standards Board (the Board) issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to elect to apply IFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards.*

*The application of the standard is optional for eligible entities. An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement.*

*The standard will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. In the first year of applying IFRS 19, an entity is required to disclose comparative information for current year amounts as required by IFRS 19, unless IFRS 19 or another IFRS accounting standard permits or requires otherwise.*

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated 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 estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgments in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

#### *Investments designated as "at fair value through profit or loss"*

The Company's investments meet the requirements of the "at fair value through profit or loss" and management has designated these investments accordingly. The carrying value of investments is **\$143,421 thousand** (2024: \$131,968 thousand).

#### *The ultimate liability arising under insurance contracts*

Insurance contract liabilities are estimated as follows:

- Specific case reserves are set on a claim by claim basis, based on management's assessment of each individual matter derived from known facts at the time of estimation.
- The ultimate liability arising under insurance contracts is then estimated using actuarial projection techniques. The ultimate liability is based on an actuarial best estimate plus a risk margin, which reflects the uncertainty associated with the amount and timing of insurance contract liabilities cash flows. The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence the ultimate liability arising under insurance contracts.

The estimates of the amount and timing of claim payments involves a high degree of judgment. While management believes that the amounts included in the financial statements, particularly in respect of the insurance contract liabilities and reinsurance assets arising therefrom, reflect the Company's best estimates and assumptions, the establishment of insurance contract liabilities is an inherently uncertain process and the ultimate liability arising under insurance contracts can vary substantially from the initial measurements.

#### Key sources of estimation uncertainty

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

#### *The ultimate liability arising under insurance contracts and reinsurance assets*

The estimation of the ultimate liability arising under insurance contracts (Note 13) is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for such claims. The principal sources of the uncertainty arising from professional indemnity insurance claims, cyber, director & officer (D&O) and employment practice liability insurance (EPLI) can be characterized as:

- the uncertainty as to whether notifications of potential claims by contract holders will actually result in claims under the policy;
- the uncertainty as to the extent of the policy coverage that may apply;
- the amount of insured loss that will result from the alleged negligence of the contract holder; and
- the likely timing of any payment under the policy.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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The Company uses actuarial models to estimate insurance contract liabilities. These models estimate the future development of claims, using data pertaining to similar historical claims adjusted for noted changes in the legal and economic environment for such claims, and produce a result within a normal range of outcomes. To the extent that the ultimate liability arising under insurance contracts differs, for example where general claims inflation differs from that expected, there is uncertainty in respect of this liability.

The principal assumption underlying the actuarial techniques is that historical claim development factors are a suitable guide for the projected development of current claims. Uncertainty exists as to whether historical development factors will turn out to be appropriate because of factors such as changes in the law, the environment or the basis on which such claims are brought, which could affect the reasonableness of the assumptions. The Company reviews the assumptions regarding loss development each year.

Due to the long-term nature of professional indemnity claims, further uncertainty exists as to the time to maturity of the claims. The Company discounts insurance contract liabilities after deduction of claims payments, using expected average payment patterns, which may differ from the actual payment patterns. The discount rate is calculated based on the expected payout pattern and corresponding risk free rate applied to each expected future payment.

The reinsurance contract assets are based upon the reinsurers' share of the estimated ultimate liability arising under insurance contracts established by the Company. To the extent that the actual claims experience differs from those estimates, the reinsurers' share of those losses will differ accordingly. To reflect amounts recoverable from reinsurers, once a reinsurers' share of claims reserves is recognized, the Company also assesses the likely recovery under those reinsurance contracts in the light of market knowledge and establishes impairment provisions for amounts expected to be uncollectible. Reinsurance contract assets are discounted using the same methodology as insurance liabilities above.

#### 4. RISK MANAGEMENT POLICIES

The Company's activities expose the business to a number of key risks, which have the potential to affect its ability to achieve its business objectives. The following describes the Company's insurance and financial risk management from a quantitative and qualitative perspective.

Management is responsible for the Company's systems of internal control and for reviewing their effectiveness. The systems of internal control are designed to manage rather than eliminate risk and aim to provide reasonable and not absolute assurance.

##### **Insurance risk**

The risk under any one insurance contract is the possibility that an insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts, the principal risk that the Company faces under its insurance contracts is that the actual claims payments exceed the carrying amount of the insurance contract liabilities. This could occur because the frequency and / or severity of claims is greater than estimated. Insurance events are random and the actual number and amount of claims will vary from year to year from the level established using actuarial techniques.

The Company writes FL insurance only to various European member firms of DTTL and as such is subject to significant insurance risk concentration resulting from that business written.

Management seeks to mitigate the Company's insurance risks through the purchase of reinsurance contracts, where appropriate, which limit the Company's net exposure to the ultimate liability arising under insurance contracts. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the contract holder.

##### *Frequency and severity of claims*

The most significant risk factors (outside of the contract holders' control) that may increase the overall frequency and severity of claims are the likelihood of an increase in the regularity and size of failure within contract holder

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

clients' businesses as a result of such possible factors as economic downturn, weak corporate governance or financial mismanagement.

Other factors impacting the frequency and severity of claims may result from growth in contract holders' businesses as well as changes in the regulatory and legal environments in which the contract holders operate.

The Company reduces its exposure to the risk of increased frequency and severity of claims through the use of aggregate policy limits and the purchase of reinsurance.

### *Measurement of the ultimate liability arising under insurance contracts*

The long-term nature of FL insurance claims does not enable the Company to achieve a high degree of certainty in relation to the ultimate liability arising under insurance contracts. The span of time between notification and resolution of individual claims makes the process for estimating the future cost of settling those claims more uncertain. The time between when a claim is notified and when it can be fully assessed, varies depending on whether the matter is notified as a claim or a circumstance that may give rise to a claim, the basis of the claim, and the jurisdiction or jurisdictions that it is brought in. The ultimate settlement amount of an individual claim can vary significantly from the assessment of that matter, especially in the years immediately following its notification.

The Company aims to manage and minimize the sources of uncertainty in the estimation of future claim payments by using actuarial models to evaluate insurance contracts values and provide a best estimate of the ultimate cost required to settle all outstanding claims. The Company monitors the adequacy of its historical reserves using the development tables shown in Note 13 to determine whether the actuarial models are reasonable.

The level of uncertainty in the estimation of future claim payments is driven by two key factors: the ultimate cost of settling the claims and the time until the claims are paid. The following table presents the sensitivity of insurance contract liabilities to movements in these variables by showing the impact on the statement of comprehensive income, as a result of the stated change in variable:

Variable	Decrease in equity 2025 \$000	Decrease in equity 2024 \$000
Impact of a 10% increase in the cost of net claims outstanding	<b>(5,372)</b>	(5,527)
Impact of a one year decrease in the expected payment pattern of net claims outstanding	<b>(850)</b>	(844)

### **Reinsurance risk**

The Company is exposed to disputes on, and defects in, contracts with its reinsurers and the possibility of default by its reinsurers. The risk is minimised as all of the Company's reinsurance assets are due from affiliated entities and are supported by collateral in the form of government fixed income securities pledged in the Company's favour.

### **Financial risk**

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, price risk, currency risk, credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and bond products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and liabilities is interest rate risk.

The Company manages these positions within an asset liability management framework that has been developed to protect the value of the investments and achieve long-term investment returns in excess of its obligations under insurance contracts.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

### Market risk

#### Interest rate risk

Interest rate risk is the risk that the value and future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company manages interest rate risk through duration guidelines for its financial instruments that seek to approximate the duration of the investment portfolio with that of insurance contract liabilities. The duration of the fixed income investments, insurance contract liabilities and reinsurance assets is an indicator of their sensitivity to changes in current interest rates.

The following table presents the sensitivity of the fair value of assets and insurance contract liabilities to movements in interest rates. The table indicates the impact on the statement of comprehensive income as a result of the stated change in variable:

Variable	Increase (decrease) in income 2025 \$000	Increase (decrease) in income 2024 \$000
Impact on insurance contract liabilities of a 1% increase in average discount rate	<b>12,270</b>	12,627
Impact on reinsurance contract assets of a 1% increase in average discount rate	<b>(10,023)</b>	(10,348)
Impact on net insurance contract liabilities of a 1% increase in average discount rate	<b>2,247</b>	2,279
Impact on bonds and bond funds of a 1% increase in average interest rates	<b>(6,345)</b>	(5,041)
<b>Total impact of a 1% increase in average discount rate</b>	<b>(4,098)</b>	(2,762)
Impact on bonds and bond funds of a 1% increase in credit spreads	<b>(2,075)</b>	(1,659)

All other financial instruments at 31 May 2025 and 2024 are either non-interest bearing or subject to insignificant exposure from fluctuations in interest rates.

#### Currency risk

Currency risk arises from the possibility that fluctuations in foreign currency exchange rates will affect the value of financial assets denominated in currencies other than U.S. dollars.

- The Company issues all insurance contracts denominated in U.S. dollars. However, claims may arise in currencies other than U.S. dollars, therefore the value of those claims to the Company may fluctuate due to movements in exchange rates.
- The Company's investment manager uses forward currency contracts to hedge the currency risk on the global sovereign bond portfolio.

	2025 \$000	2024 \$000
United States dollars	<b>94,322</b>	132,068
Euros	<b>(299)</b>	(433)
Other currencies	<b>49,398</b>	333
	<b>143,421</b>	131,968

### Credit risk

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- reinsurance assets

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

- amounts due from insurance contract holders
- amounts due from bond issuers

The Company's cash equivalents and investments are placed with high credit quality financial institutions. Reinsurance assets are presented net of the provisions for uncollectible receivables.

Credit risk with respect to reinsurance assets is concentrated, since there is only one reinsurer who participates in the insurance coverage underwritten. As a result, there is inherent credit risk in that all reinsurance is placed with one reinsurer, who is a wholly-owned subsidiary of Holdings, whose credit worthiness is assessed every year. However, from time to time the reinsurer may dispute or may be unable to meet their obligations resulting in the Company providing against the uncollectible amount. The reinsurance assets are supported by collateral in the form of government fixed income securities pledged in the Company's favour.

The carrying amounts of financial assets included in the statement of financial position represent the Company's exposure to credit risk in relation to these assets.

The Company's investment manager uses forward currency contracts to hedge the currency risk, and interest rate futures contracts to reduce the interest rate risk, on its global sovereign bond portfolio. The amount subject to credit risk at any one time is limited to the current fair value of the net forward foreign currency contracts which at May 31, 2025 was **\$414 thousand** (2024: \$228 thousand). The Company also receives and pledges collateral to mitigate the credit risk in respect of these contracts. As at May 31, 2025, the Company received collateral of **\$670 thousand** (2024: \$560 thousand) in the form of sovereign bonds and custodial deposits.

The following credit risk table in respect of financial instruments, insurance contracts and reinsurance assets, provides information regarding the credit risk exposure of the Company by classifying the assets according to credit ratings of the counter parties. AAA is the highest possible rating.

	AAA \$m	AA \$m	A \$m	BBB \$m	BB & Lower \$m	Not Rated \$m	Total \$m
<b>As at May 31, 2025:</b>							
Reinsurance assets *	-	-	-	-	-	298.2	298.2
Cash and cash equivalents	-	-	15.0	-	-	-	15.0
Investments at fair value through profit or loss	35.6	61.3	16.3	30.2	-	-	143.4
Receivables including insurance receivables	0.2	0.4	0.1	0.4	-	1.0	2.1
	<b>35.8</b>	<b>61.7</b>	<b>31.4</b>	<b>30.6</b>	-	<b>299.2</b>	<b>458.7</b>
<b>As at May 31, 2024:</b>							
Reinsurance assets *	-	-	-	-	-	287.7	287.7
Cash and cash equivalents	-	-	16.7	-	-	-	16.7
Investments at fair value through profit or loss	79.1	10.1	11.6	31.2	-	-	132.0
Other financial assets – reinsurance paid in advance	-	-	-	-	-	-	-
Receivables including insurance receivables	0.4	-	0.1	0.4	-	0.9	1.8
	79.5	10.1	28.4	31.6	-	288.6	438.2

\* Reinsurance assets relates entirely to affiliated entities and is supported by collateral of \$199,484 thousand, with an average credit rating of AA, pledged in the Company's favour (2024: \$179,692 thousand, average credit rating of AAA) (Note 16).

### Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations as they fall due. The Company manages this risk by maintaining sufficient liquid assets or assets that can be translated into liquid assets at short notice and without capital loss to meet expected cash flow requirements.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

<b>Maturity Analysis As at May 31, 2025</b>	<b>Less than 1 year \$m</b>	<b>1-5 years \$m</b>	<b>5+ years \$m</b>	<b>Total \$m</b>
<b>Assets</b>				
Reinsurance contract assets - Undiscounted	58.7	165.7	115.7	340.1
Investments at fair value through profit or loss	4.3	84.6	54.5	143.4
Other assets	2.1	-	-	2.1
Cash and cash equivalents	15.0	-	-	15.0
<b>Total Assets</b>	<b>80.1</b>	<b>250.3</b>	<b>170.2</b>	<b>500.6</b>
<b>Liabilities</b>				
Insurance contract liabilities - Undiscounted	69.8	203.9	142.1	415.8
Other liabilities	2.4	-	-	2.4
<b>Total liabilities</b>	<b>72.2</b>	<b>203.9</b>	<b>142.1</b>	<b>418.2</b>
<b>As at May 31, 2024</b>				
	<b>Less than 1 year \$m</b>	<b>1-5 years \$m</b>	<b>5+ years \$m</b>	<b>Total \$m</b>
<b>Assets</b>				
Reinsurance contract assets - Undiscounted	56.0	178.3	119.0	353.3
Investments at fair value through profit or loss	5.7	60.5	65.7	132.0
Other assets	2.0	-	-	2.0
Cash and cash equivalents	16.7	-	-	16.7
<b>Total Assets</b>	<b>80.4</b>	<b>238.8</b>	<b>184.7</b>	<b>503.9</b>
<b>Liabilities</b>				
Insurance contract liabilities - Undiscounted	67.4	219.0	145.5	431.9
Other liabilities	1.3	-	-	1.3
<b>Total liabilities</b>	<b>68.7</b>	<b>219.0</b>	<b>145.5</b>	<b>433.2</b>

### Capital management

The Company manages its capital to mitigate the foregoing risks and to provide reasonable assurance that it will be able to meet the obligations arising from professional indemnity insurance contracts written, meet their local regulatory requirements at all times and continue as a going concern.

Management uses risk-based capital models to assess the current and future capital requirements of the Company and continually monitors compliance with regulatory requirements. The Company's overall strategy remains unchanged from the prior year.

For the purposes of capital management, the Company regards total equity as capital.

The Company has a formal capital management plan in place agreed with its parent, which provides access to additional capital as required. The Company has entered a capital commitment deed with its parent. Under the terms of the deed the parent has agreed to pay a capital contribution to the Company to restore solvency coverage to within appetite if the Company's solvency coverage falls below an agreed threshold.

### Regulatory Capital Requirements

The Company is registered as a non-life insurance undertaking in Ireland, in accordance with the provisions of the Insurance Acts and Regulations. The Solvency II European Directive related to the solvency standard applicable to insurance companies sets out the minimum amounts of financial resources that companies are required to have in order to cover the risks to which they are exposed and the principles that should guide the overall risk management and reporting. The capital requirement of the Company is determined by its exposure to risk and the solvency criteria established by the statutory regulations. The Company was in compliance with all capital requirements imposed by the regulators throughout the year.

The Company met all solvency requirements and there were no solvency requirement breaches during the year.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

Distributions by the Company to the shareholder are restricted to the extent that such distributions would result in the Company not meeting the required minimum general business solvency margin or required solvency margin ratio.

### 5. INSURANCE SERVICE RESULT

The Company's underwriting results are as follows. All contracts issued are accounted under the PAA Method. All insurance contracts are written from the Republic of Ireland.

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Insurance revenue	<b>36,328</b>	40,952
Insurance service expenses:		
Incurred claims and other incurred	<b>(47,545)</b>	(52,618)
Changes that relate to past service	<b>69,290</b>	16,327
Changes to future services - Onerous Contracts	<b>(20,639)</b>	(4,974)
Total insurance expense	<b>1,106</b>	(41,265)
Net expense from reinsurance contracts		
Reinsurance premium paid	<b>(26,497)</b>	(30,684)
Amounts recovered from reinsurance	<b>(18,981)</b>	29,052
Changes to future services - Onerous contracts	<b>17,687</b>	3,896
Total net expense from reinsurance contracts	<b>(27,791)</b>	2,264
Insurance service result	<b>9,643</b>	1,951

### 6. NET INSURANCE CLAIMS EXPENSE

	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
	<b>2025</b>	<b>2025</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>	<b>2024</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Prior policy years' claims expense	(69,290)	58,600	(10,690)	(16,327)	12,673	(3,654)
Current policy years' claims expense	47,545	(39,619)	7,926	51,317	(41,727)	9,590
	<b>(21,745)</b>	<b>18,981</b>	<b>(2,764)</b>	<b>34,990</b>	<b>(29,054)</b>	<b>5,936</b>

### 7. NET INVESTMENT (EXPENSE) / INCOME

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Fair value gains / (losses) on investments at fair value through profit or loss:		
- net realized gain / (loss) on sale of investments	<b>(1,489)</b>	1,400
- changes in unrealized (losses) / gains on investments	<b>6,484</b>	1,809
- changes in unrealized gains on derivative financial instruments	-	(1,981)
Interest income	<b>3,825</b>	2,913
	<b>8,820</b>	4,141

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

### 8. INSURANCE FINANCE INCOME (EXPENSE)

	Gross 2025 \$000	Reinsurance 2025 \$000	Net 2025 \$000	Gross 2024 \$000	Reinsurance 2024 \$000	Net 2024 \$000
Unwind of discount	(19,815)	16,163	(3,652)	(15,401)	12,470	(2,931)
Re-evaluation of discount rate	(3,943)	3,226	(717)	9,284	(7,596)	1,687
	<b>(23,758)</b>	<b>19,389</b>	<b>(4,369)</b>	<b>(6,117)</b>	<b>4,874</b>	<b>(1,244)</b>

Contract liabilities are presented on a discounted basis, reflecting the net present value of the liabilities. The discount applied is calculated based on the timing of the expected payment of the liabilities using year-end risk-free rates and illiquidity premium. The weighted average rate is **5.4%** (2024: 5.8%) per annum. Both the timing of expected payments, the risk free rate illiquidity premium spread will change over the financial year. The unwind of discount reflects the reduction over the financial year in the expected time until the liabilities are paid. This is because the timing of expected payment of the liabilities is one year less at the end of the financial year, which reduces the discount applied to those liabilities.

The re-evaluation of the discount rate reflects the impact of the change in the risk-free rates and illiquidity premium spreads from one year-end to the next. A reduction in rates will result in a reduction in the discount applied, whereas an increase in rates will increase the discount.

### 9. OTHER OPERATING EXPENSES

	2025 \$000	2024 \$000
Group management costs	<b>1,533</b>	1,669
Auditor's remuneration – statutory audit	<b>34</b>	46
Auditor's remuneration – other assurance services	<b>15</b>	38
Administration expenses	<b>485</b>	430
Consultancy fees	<b>223</b>	170
Directors' remuneration	<b>74</b>	119
Foreign exchange loss / (gain)	<b>(312)</b>	24
	<b>1,986</b>	2,496

The Company currently has no employees, and functions on an Outsourced model.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

### 10. TAXATION

	2025 \$000	2024 \$000
Deferred tax at beginning of year	(71)	(71)
Movement in the current year	(75)	-
Deferred tax liability at end of year	<b>(146)</b>	(71)

The tax benefit, at the applicable rate of 12.5%, on the accounting results and the tax charge for the period are reconciled as follows:

	2025 \$000	2024 \$000
Profit before taxation	<b>12,108</b>	2,353
Tax thereon at the applicable rate of 12.5% (2024: 12.5%)	<b>(1,513)</b>	(294)
Current taxation	<b>(1,513)</b>	(294)
Income tax charge for the year	<b>(1,513)</b>	(294)

At the balance sheet date the Company has unused tax losses of **\$nil** (2024: \$nil) available to offset against future profits. A deferred tax asset of **\$nil** (2024: \$nil), which can be carried forward indefinitely, has been recognized in respect of such losses.

The Company has reviewed its tax requirements under Pillar Two legislation and it has been determined that there is no effect. As such there has been no change to the corporate tax rate applied.

### 11. OTHER ASSETS

	2025 \$000	2024 \$000
Insurance balances receivable (IPT recoverable)	-	8
Other receivables	<b>1,098</b>	920
Accrued interest	<b>1,013</b>	922
	<b>2,111</b>	1,850

The carrying amounts disclosed above reasonably approximate fair values at the financial year end.

### 12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Company's investment portfolio consists of global sovereign bonds.

Fair value measurements for all investments at the financial year-end are based on level 1 quoted prices in active markets.

	2025 \$000	2024 \$000
<b>Bonds</b>		
Fixed rate bonds (U.S. dollars)	<b>49,146</b>	55,082
Fixed rate bonds (foreign currencies)	<b>91,532</b>	74,325
	<b>140,678</b>	129,407

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

### Derivative financial instruments

Derivative assets - forward foreign currency contracts	<b>414</b>	228
Derivative liabilities - forward foreign currency contracts	<b>(414)</b>	(948)
	-	(720)
Custodial deposits	<b>2,743</b>	3,281
Market value of portfolio	<b>143,421</b>	131,968
Cost	<b>140,104</b>	135,135

The movement in investments at fair value through profit or loss is comprised as follows:

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Fair value – beginning of year	<b>131,968</b>	122,365
Additions	<b>232,428</b>	232,000
Disposals at cost	<b>(227,461)</b>	(222,224)
Net (disposal) / purchase of investments	<b>4,967</b>	9,776
Fair value (losses) / gains on investments – excluding realized gains	<b>6,486</b>	1,808
Fair value (losses) / gains on derivative financial instruments – excluding realized gains	-	(1,981)
<b>Fair value – end of year</b>	<b>143,421</b>	131,968

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

### 13. SHARE CAPITAL

	2025 \$000	2024 \$000
<b>Authorized</b> <b>200,000,000</b> ordinary shares with a par value of \$1 each	<b>200,000</b>	200,000
<b>Issued and fully paid</b> <b>950,000</b> ordinary shares with a par value of \$1 each	<b>950</b>	950

Ordinary shares carry the right to one vote per share.

### Capital Reserves

	2025 \$000	2024 \$000
Capital reserves at beginning of year	59,050	59,050
<b>Capital reserves at end of year</b>	<b>59,050</b>	59,050

The capital contribution reserves represent contributions made by the shareholder. The contributions were not made in return for any share capital and have no voting rights or rights to a share in the Company's profits. The Company has entered a capital commitment deed with its parent. Under the terms of the deed the parent has agreed to pay a capital contribution to the Company to restore solvency coverage to within appetite if the Company's solvency coverage falls below an agreed threshold. During the year the Company did not receive a capital contribution (2024: \$nil) from its parent.

### Profit and loss account

The profit and loss account represents cumulative gains and losses recognized, net of transfers to/from other reserves and dividends paid.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

### 14. INSURANCE CONTRACT LIABILITIES

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk Adjustment	
Insurance contract liabilities as at beginning of year	16,621	4,974	295,814	54,000	<b>371,409</b>
Insurance contract assets as at beginning of year	-	-	-	-	-
<b>Net insurance contract liabilities as at 1 June 2024</b>	<b>16,621</b>	<b>4,974</b>	<b>295,814</b>	<b>54,000</b>	<b>371,409</b>
<b>Insurance revenue</b>	<b>(36,328)</b>	-	-	-	<b>(36,328)</b>
Incurred claims and other expenses	-	-	(30,044)	8,300	<b>(21,744)</b>
Losses on onerous contracts	-	20,638	-	-	<b>20,638</b>
<b>Insurance service result</b>	<b>(36,328)</b>	<b>20,638</b>	<b>(30,044)</b>	<b>8,300</b>	<b>(37,434)</b>
<b>Insurance finance expenses</b>	-	-	23,758	-	<b>23,758</b>
<b>Total amounts recognised in comprehensive income</b>	<b>(36,328)</b>	<b>20,638</b>	<b>(6,286)</b>	<b>8,300</b>	<b>(13,676)</b>
<b>Cash flows</b>					
Premiums received / refunded	33,871	-	-	-	<b>33,871</b>
Claims and other expenses paid	-	-	(11,477)	-	<b>(11,477)</b>
Insurance acquisition cash flows	-	-	-	-	-
<b>Total cash flows</b>	<b>33,871</b>	-	<b>(11,477)</b>	-	<b>22,394</b>
Insurance contract liabilities as at end of year	14,164	25,612	278,051	62,300	<b>380,127</b>
Insurance contract assets as at end of year	-	-	-	-	-
<b>Net insurance contract liabilities as at 31 May 2025</b>	<b>14,164</b>	<b>25,612</b>	<b>278,051</b>	<b>62,300</b>	<b>380,127</b>

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

### Insurance Contracts - Reconciliation of changes in insurance contracts by remaining coverage and incurred claims - 2024

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk Adjustment	
Insurance contract liabilities as at beginning of year	4,031	-	262,230	50,500	316,761
Insurance contract assets as at beginning of year	-	-	-	-	-
<b>Net insurance contract liabilities as at 1 June 2023</b>	<b>4,031</b>	<b>-</b>	<b>262,230</b>	<b>50,500</b>	<b>316,761</b>
<b>Insurance revenue</b>	<b>(40,952)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40,952)</b>
Incurred claims and other expenses	-	-	32,791	3,500	36,291
Losses on onerous contracts	-	4,974	-	-	4,974
<b>Insurance service result</b>	<b>(40,952)</b>	<b>4,974</b>	<b>32,791</b>	<b>3,500</b>	<b>313</b>
<b>Insurance finance expenses</b>	<b>-</b>	<b>-</b>	<b>6,117</b>	<b>-</b>	<b>6,117</b>
<b>Total amounts recognised in comprehensive income</b>	<b>(40,952)</b>	<b>4,974</b>	<b>38,908</b>	<b>3,500</b>	<b>6,430</b>
<b>Cash flows</b>					
Premiums received / refunded	53,542	-	-	-	53,542
Claims and other expenses paid	-	-	(5,324)	-	(5,324)
Insurance acquisition cash flows	-	-	-	-	-
<b>Total cash flows</b>	<b>53,542</b>	<b>-</b>	<b>(5,324)</b>	<b>-</b>	<b>48,218</b>
Insurance contract liabilities as at end of year	16,621	4,974	295,814	54,000	371,409
Insurance contract assets as at end of year	-	-	-	-	-
<b>Net insurance contract liabilities as at 31 May 2024</b>	<b>16,621</b>	<b>4,974</b>	<b>295,814</b>	<b>54,000</b>	<b>371,409</b>

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

### Reinsurance Contracts - Reconciliation of changes in reinsurance contracts by remaining coverage and incurred claims - 2025

	Remaining coverage		Incurred claims		Total
	Excluding loss-recovery component	Loss recovery component	Estimate of the present value of future cash flows	Risk Adjustment for non-financial risk	
Reinsurance contract assets as at beginning of year	-	3,896	237,197	46,600	<b>287,693</b>
<b>Net reinsurance contract assets as at 1 June 2024</b>	-	<b>3,896</b>	<b>237,197</b>	<b>46,600</b>	<b>287,693</b>
Reinsurance expenses	(26,497)	-	-	-	<b>(26,497)</b>
Changes in assets for remaining coverage for income recognized on new onerous contracts	-	17,687	-	-	<b>17,687</b>
Incurred claims recovery	-	-	(26,681)	7,700	<b>(18,981)</b>
<b>Net income/ (expenses) from reinsurance contracts held</b>	<b>(26,497)</b>	<b>17,687</b>	<b>(26,681)</b>	<b>7,700</b>	<b>(27,791)</b>
Finance expense from reinsurance contracts held	-	-	19,389	-	<b>19,389</b>
<b>Total amounts recognized in total comprehensive income</b>	<b>(26,497)</b>	<b>17,687</b>	<b>(7,292)</b>	<b>7,700</b>	<b>(8,402)</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly attributable expenses	26,497	-	-	-	<b>26,497</b>
Claims and other insurance service expenses received	-	-	(7,594)	-	<b>(7,594)</b>
<b>Total cash flows</b>	<b>26,497</b>	<b>-</b>	<b>(7,594)</b>	<b>-</b>	<b>18,903</b>
Reinsurance contract assets as at end of year	-	21,583	222,311	54,300	<b>298,193</b>
<b>Net reinsurance contract assets as at 31 May 2025</b>	-	<b>21,583</b>	<b>222,311</b>	<b>54,300</b>	<b>298,193</b>

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

### Reinsurance Contracts - Reconciliation of changes in reinsurance contracts by remaining coverage and incurred claims – 2024 - Restated

	Remaining coverage		Incurred claims		Total
	Excluding loss-recovery component	Loss recovery component	Estimate of the present value of future cash flows	Risk Adjustment for non-financial risk	
Reinsurance contract assets as at beginning of year	23	-	208,652	43,800	<b>252,475</b>
<b>Net reinsurance contract assets as at 1 June 2023</b>	<b>23</b>	<b>-</b>	<b>208,652</b>	<b>43,800</b>	<b>252,475</b>
Reinsurance expenses	(30,707)	-	-	-	<b>(30,707)</b>
Changes in assets for remaining coverage for income recognized on new onerous contracts	-	3,896	-	-	<b>3,896</b>
Incurred claims recovery	-	-	26,252	2,800	<b>29,052</b>
<b>Net income/ (expenses) from reinsurance contracts held</b>	<b>(30,707)</b>	<b>3,896</b>	<b>26,252</b>	<b>2,800</b>	<b>2,241</b>
Finance expense from reinsurance contracts held	-	-	4,874	-	<b>4,874</b>
<b>Total amounts recognized in total comprehensive income</b>	<b>(30,707)</b>	<b>3,896</b>	<b>31,126</b>	<b>2,800</b>	<b>7,115</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly attributable expenses	30,684	-	-	-	<b>30,684</b>
Claims and other insurance service expenses received	-	-	(2,581)	-	<b>(2,581)</b>
<b>Total cash flows</b>	<b>30,684</b>	<b>-</b>	<b>(2,581)</b>	<b>-</b>	<b>28,103</b>
Reinsurance contract assets as at end of year	-	3,896	237,197	46,600	<b>287,693</b>
<b>Net reinsurance contract assets as at 31 May 2024</b>	<b>-</b>	<b>3,896</b>	<b>237,197</b>	<b>46,600</b>	<b>287,693</b>

The classification of reinsurance contract assets between "Estimates for future cash flows" and "risk adjustment for non-financial risk" has been revised for the comparative period 1 June 23 to 31 May 24 compared to the figures presented in the FY24 financial statements. Total reinsurance contract assets are unaffected and there are no impacts on other reported balances or classifications in the Notes or primary Financial statements.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

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Inherent in the discount factor applied is an assumption that professional indemnity insurance contract liabilities and reinsurance assets will be paid and recovered in the following ranges:

	<b>Gross 2025</b>	<b>Reinsurance 2025</b>	Gross 2024	Reinsurance 2024
Due within one year	<b>15% to 25%</b>	<b>15% to 25%</b>	15% to 20%	15% to 25%
One to five years	<b>50% to 60%</b>	<b>50% to 60%</b>	50% to 60%	50% to 60%
Due after more than five years 30%	<b>25% to 30%</b>	<b>25% to 30%</b>	25% to 30%	25% to 30%

The average duration of the professional indemnity net insurance contract liabilities is **3.6** years (2024: 3.6 years). The average duration is determined using projections of the expected future payments based on the historical payment pattern.

The development of insurance contract liabilities provides a measure of the Group's ability to estimate the ultimate liability arising under insurance contracts.

The tables below present changes in the historical provisions for professional indemnity insurance contract liabilities that were established on May 31, 2014 and the provisions for those liabilities arising in each subsequent year for professional indemnity.

The top half of each table illustrates how the Group's estimate of the ultimate professional indemnity liability arising under insurance contracts for each underwriting year has changed at successive year-ends.

The bottom half of the table presents the amounts paid against those professional indemnity liabilities in each subsequent accounting period. The loss development tables are presented on an undiscounted basis.

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

### Professional Indemnity - Claims development table gross of reinsurance (ex. Margin)

Fiscal Year Ending	Policy Year										Total (000's)	
	2015/16 and Prior (000's)	2016/17 (000's)	2017/18 (000's)	2018/19 (000's)	2019/20 (000's)	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)		
<b>Estimate of ultimate claims liabilities</b>												
May 2016	235,478	-	-	-	-	-	-	-	-	-	-	235,478
May 2017	239,074	50,136	-	-	-	-	-	-	-	-	-	289,210
May 2018	206,541	27,901	135,551	-	-	-	-	-	-	-	-	369,993
May 2019	170,309	13,587	155,437	35,473	-	-	-	-	-	-	-	374,806
May 2020	149,290	30,912	152,331	22,482	30,695	-	-	-	-	-	-	385,710
May 2021	119,758	40,232	144,967	39,099	24,072	51,694	-	-	-	-	-	419,822
May 2022	88,278	26,076	97,779	32,797	14,644	42,099	57,265	-	-	-	-	358,938
May 2023	116,730	21,031	94,044	26,433	11,244	33,450	48,482	52,940	-	-	-	404,354
May 2024	132,137	26,458	91,644	22,349	9,232	33,060	36,931	49,755	58,445	-	-	460,011
May 2025	100,363	25,089	102,352	13,272	5,068	24,768	18,961	55,137	45,044	55,860	-	445,914
<b>FY25 Change</b>	<b>(31,774)</b>	<b>(1,369)</b>	<b>10,708</b>	<b>(9,077)</b>	<b>(4,164)</b>	<b>(8,292)</b>	<b>(17,970)</b>	<b>5,382</b>	<b>(13,401)</b>	<b>55,860</b>	<b>-</b>	<b>(14,097)</b>
<b>Claims paid</b>												
May 2016 & prior	-	-	-	-	-	-	-	-	-	-	-	-
May 2017	1,070	-	-	-	-	-	-	-	-	-	-	1,070
May 2018	5,160	-	-	-	-	-	-	-	-	-	-	5,160
May 2019	2,792	-	-	-	-	-	-	-	-	-	-	2,792
May 2020	5,093	-	758	1,106	-	-	-	-	-	-	-	6,957
May 2021	1,450	-	2,674	857	-	692	-	-	-	-	-	5,673
May 2022	2,189	-	45,983	405	-	9	-	-	-	-	-	48,586
May 2023	1,866	1,012	16,297	560	-	-	-	-	-	-	-	19,735
May 2024	3,520	-	1,267	321	-	55	-	161	-	-	-	5,324
May 2025	2,824	-	7,211	824	188	-	-	175	-	255	-	11,477
<b>Cumulative claims paid</b>	<b>25,964</b>	<b>1,012</b>	<b>74,190</b>	<b>4,073</b>	<b>188</b>	<b>756</b>	<b>-</b>	<b>336</b>	<b>-</b>	<b>255</b>	<b>-</b>	<b>106,774</b>
<b>Reconciliation to the insurance contracts issued, liabilities for incurred claims</b>												
Liabilities before discounting	74,399	24,077	28,162	9,199	4,880	24,012	18,961	54,801	45,044	55,605	-	339,140
Unallocated loss adjustment expense	-	-	-	-	-	-	-	-	-	-	-	2,347
Margin	-	-	-	-	-	-	-	-	-	-	-	76,686
Discounting	-	-	-	-	-	-	-	-	-	-	-	(77,822)
<b>Present value of the insurance contracts issued, liabilities for incurred claims</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>340,351</b>

### Claims development table net of reinsurance (ex. Margin)

Fiscal Year Ending	Policy Year										Total (000's)	
	2015/16 and Prior (000's)	2016/17 (000's)	2017/18 (000's)	2018/19 (000's)	2019/20 (000's)	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)		
<b>Estimate of ultimate liabilities</b>												
May 2016	34,471.0	-	-	-	-	-	-	-	-	-	-	34,471.0
May 2017	31,984.0	7,187.0	-	-	-	-	-	-	-	-	-	39,171.0
May 2018	31,834.0	5,303.0	10,000.0	-	-	-	-	-	-	-	-	47,137.0
May 2019	34,562.0	3,676.0	10,000.0	6,703.0	-	-	-	-	-	-	-	54,941.0
May 2020	34,625.0	8,580.0	10,000.0	5,606.0	5,892.0	-	-	-	-	-	-	64,703.0
May 2021	34,207.0	9,475.0	10,000.0	8,941.0	5,845.0	9,958.0	-	-	-	-	-	78,426.0
May 2022	30,477.0	8,962.0	10,000.0	8,810.0	4,349.0	10,291.0	11,152.0	-	-	-	-	84,041.0
May 2023	30,394.0	8,764.0	10,000.0	8,454.0	3,729.0	8,700.0	10,775.0	9,655.0	-	-	-	90,471.0
May 2024	30,374.0	9,189.0	10,000.0	8,821.0	3,543.0	8,971.0	8,597.0	9,454.0	11,349.0	-	-	100,298.0
May 2025	29,951.0	8,982.0	10,000.0	7,197.0	2,439.0	7,336.0	5,054.0	9,490.0	9,901.0	10,365.0	-	100,715.0
<b>FY25 Change</b>	<b>(423.0)</b>	<b>(207.0)</b>	<b>-</b>	<b>(1,624.0)</b>	<b>(1,104.0)</b>	<b>(1,635.0)</b>	<b>(3,543.0)</b>	<b>36.0</b>	<b>(1,448.0)</b>	<b>10,365.0</b>	<b>-</b>	<b>417.0</b>
<b>Claims paid</b>												
May 2016 & prior	-	-	-	-	-	-	-	-	-	-	-	-
May 2017	535.0	-	-	-	-	-	-	-	-	-	-	535.0
May 2018	4,838.0	-	-	-	-	-	-	-	-	-	-	4,838.0
May 2019	-	-	-	-	-	-	-	-	-	-	-	-
May 2020	3,214.0	-	758.0	1,106.0	-	-	-	-	-	-	-	5,078.0
May 2021	1,405.0	-	2,674.0	857.0	-	692.0	-	-	-	-	-	5,628.0
May 2022	2,087.0	-	6,568.0	405.0	-	(342.0)	-	-	-	-	-	8,718.0
May 2023	1,846.0	1,012.0	-	560.0	-	-	-	-	-	-	-	3,418.0
May 2024	2,314.0	-	-	321.0	-	28.0	-	80.0	-	-	-	2,743.0
May 2025	2,655.0	-	-	824.0	188.0	-	-	87.0	-	127.0	-	3,881.0
<b>Cumulative claims paid</b>	<b>18,894.0</b>	<b>1,012.0</b>	<b>10,000.0</b>	<b>4,073.0</b>	<b>188.0</b>	<b>378.0</b>	<b>-</b>	<b>167.0</b>	<b>-</b>	<b>127.0</b>	<b>-</b>	<b>34,839.0</b>
<b>Reconciliation to the net insurance contracts issued/held, liabilities for incurred claims</b>												
Liabilities before discounting	11,057.0	7,970.0	-	3,124.0	2,251.0	6,958.0	5,054.0	9,323.0	9,901.0	10,238.0	-	65,876.0
Unallocated loss adjustment expense	-	-	-	-	-	-	-	-	-	-	-	2,347.0
Margin	-	-	-	-	-	-	-	-	-	-	-	9,864.0
Discounting	-	-	-	-	-	-	-	-	-	-	-	(14,347.0)
<b>Present value of the net insurance contracts issued/held, liabilities for incurred claims</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,740.0</b>

# NAUTILUS INDEMNITY (EUROPE) DESIGNATED ACTIVITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended 31 May 2025 (expressed in U.S. dollars)

### 15. FINANCIAL LIABILITIES

	2025 \$000	2024 \$000
Accrued expenses	856	743
Corporation tax payable	1,398	294
Deferred tax liability	146	71
Insurance and reinsurance balances payable	-	66
Insurance and other payables	2,400	1,174

The carrying amounts disclosed above reasonably approximate fair values at the financial year end.

### 16. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

	2025 \$000	2024 \$000
<b>Key management compensation</b>		
Emoluments – non-executive directors	74	119

Included within operating expenses is an amount of **\$1,749 thousand** (2024: \$1,973 thousand) in respect of DTTL member firms and related entities.

Insurance contract premium ceded to reinsurers of **\$28,506 thousand** (2024: \$33,172 thousand), reinsurance commission income of **\$2,009 thousand** (2024: \$2,488 thousand) and reinsurance assets of **\$298,193 thousand** (2024: \$287,693 thousand) relate to reinsurance contracts placed with Nautilus Indemnity Limited, a wholly-owned subsidiary of Holdings. To support the obligations arising from the reinsurance agreements, Nautilus Indemnity Limited have provided collateral assets, consisting of government fixed income securities pledged in the Company's favour of **\$199,484 thousand** (2024: \$179,692 thousand).

Premiums received in advance of **\$14,164 thousand** (2024: \$16,621) represents amounts received from DTTL member firms and related entities, prior to the year end, in respect of insurance contracts commencing on the first day of the next financial year.

All insurance contract transactions derived during the year and resulting year-end balances relate entirely to Deloitte Touche Tohmatsu Limited ("DTTL") member firms and related entities, the majority of whom are shareholders of Holdings.

Included within insurance and other payables is an amount of **\$435 thousand** (2024: \$622 thousand) relating to amounts payable to DTTL member firms and related entities. These amounts are unsecured, non-interest bearing and payable on demand.

### 17. DIVIDENDS

There were no dividends paid by the Company during the year or payable at the year end.

### 18. SUBSEQUENT EVENTS

There have been no significant events since the financial year end date.