

Pine Indemnity DAC

Financial Statements

Financial year ended 31 May 2025

Pine Indemnity DAC

Financial year ended 31 May 2025

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DIRECTORS AND OTHER INFORMATION

Directors	Seamus Hand (Chairman) Vincent Barrett Alex Burns Brian Daly Markus Kreher (from 28 November 2024) Ernst Gröbl (Chairman) (until 1 December 2024)
Secretary	Alex Burns
Company number	299340
Registered office	15 George's Quay Dublin 2
Principal place of business	15 George's Quay Dublin 2
Auditors	Forvis Mazars Chartered Accountants and Statutory Audit Firm Harcourt Centre, Block 3 Harcourt Road Dublin 2
Bankers	Bank of Ireland Global Markets 3 rd Floor 2 Burlington Plaza Burlington Road Dublin 4 HSBC Continental Europe – Dublin Branch 1 Grand Canal Square Grand Canal Harbour Dublin 2
Investment manager	State Street Global Advisors Trust Company State Street Financial Center One Lincoln Street Boston, USA 02111
Investment custodian	HSBC Continental Europe 38 Avenue Kleber 75116 Paris, France
Solicitors	William Fry 2 Grand Canal Square Dublin 2

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Pine Indemnity DAC ("the Company") for the financial year ended 31 May 2025.

The Company is subject to the Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015.

Principal activity, review of the business and future development

The Company is a captive insurer and its principal activity is to provide professional indemnity and cyber insurance to member firms that are primarily domiciled in the European Union and are part of an international network of independent member firms. All insurance is written direct on a claims made basis with various per claim and aggregate limits. The directors are satisfied with the Company's performance. The Company did not renew the professional liability and cyber insurance programs which expired in June 2025. The Company entered into an orderly run-off at this point and is currently expected to remain in run-off for several years.

Results, key performance indicators, dividends and political donations

The Statements of Financial Position and Comprehensive Income are set out on pages 13 to 14.

The profit for the year after tax amounted to \$2,965,744 (2024: profit of \$4,352,159). Insurance revenue of \$36,449,587 increased by \$3,446,673 from 2024.

The net insurance result totalled \$2,842,760 (2024: \$5,118,427) and the net financial result from insurance and reinsurance contracts totalled a loss of \$700,757 (2024: loss of \$671,887). As at 31 May 2025, the Company held insurance contract liabilities of \$128,145,634 (2024: \$120,164,186) and reinsurance contract assets of \$118,917,820 (2024: \$111,561,579).

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

No political donations were made during the financial year (2024: nil).

Important events since the year end and post balance sheet events

There were no events which occurred subsequent to the Statement of Financial Position date through to the date these financial statements were issued which required an adjustment to, or disclosure in, the financial statements.

DIRECTORS' REPORT (continued)

Directors

The following directors served during the entire year, unless otherwise noted, and remained in office up to the date of signing the financial statements:

Vincent Barrett
Alex Burns
Brian Daly
Ernst Gröbl (resigned 1 December 2024)
Seamus Hand
Markus Kreher (appointed 28 November 2024)

Directors, secretary and their interests

The directors and secretary, who held office at 31 May 2025, had no beneficial interest in the share capital of the Company or any other group company at any time during the financial year.

Statement of directors' responsibilities

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

Irish company law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under Irish company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) (Amendment) Regulation 2015 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records

The directors have taken appropriate steps to ensure compliance with Section 281 to 285 of the Companies Act 2014 to keep adequate accounting records by appointing suitably experienced personnel to maintain the Company's accounting records and by the design and implementation of control systems appropriate to the business. The accounting records are held at 15 George's Quay, Dublin 2.

DIRECTORS' REPORT (continued)

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties facing the Company are those described in Note 3 to the financial statements which are incorporated herein by reference.

Going concern

By virtue of the strength of the Company's net asset position and having made appropriate enquiries, the directors consider that the Company has adequate resources to continue in operation for a period of no less than twelve months from the date of approval of these financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Statement on 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 that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Auditors

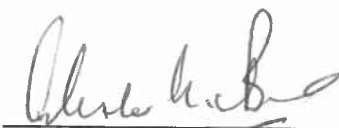
The auditors, Forvis Mazars, Chartered Accountants & Statutory Audit Firm ("Forvis Mazars") have signified their willingness to continue in office in accordance with the provisions of Section 383(2) of the Companies Act 2014.

Compliance Statement

The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with the obligations specified in that section arising from the Companies Act 2014 and Tax Laws ("relevant obligations").

The Directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies that in their opinion are appropriate with regards to such compliance;
- appropriate arrangements and structures have been put in place that, in their opinion are designed to provide reasonable assurance of compliance in all material respects with the relevant obligations; and
- a review has been conducted, during the financial year of those arrangements and structures.



Alexander K. Burns
Director



Vincent Barrett
Director

Date: 14 August 2025

Independent auditor's report to the members of Pine Indemnity DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Pine Indemnity DAC ('the Company'), for the year ended 31 May 2025, which comprise Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Shareholder's Equity, Statement of Cash Flows, and notes to the Company financial statements, including the summary of accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014, European Union (Insurance Undertakings: Financial Statements) Regulations 2015 and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 May 2025, and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 *Auditor's Responsibilities 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 financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 audit procedures to evaluate the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included but were not limited to the following:

- assessed the appropriateness of management's going concern assessment process;
- reviewed the reasonableness of the financial information contained within this assessment;
- evaluated management's future actions and business plans and considered the related impact on capital requirements;
- considered other corroborative supporting evidence / analysis to substantiate the conclusions presented in management's assessment; and
- ensured that there is sufficiency of disclosures in the financial statements pertaining to the going concern assessment.

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

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

Valuation of Liability for Incurred Claims ('LfIC')	How the matter was addressed
<p>The estimation of the Company's liability for incurred claims involves a significant degree of judgement. This assessment is underpinned by a best-estimate ultimate claims cost calculation for all claims incurred but not settled at the year end, whether reported or not.</p> <p>In considering the quantum of this provision, it should be noted that there is a degree of uncertainty in the calculation of incurred claims with the final cost of these claims potentially being significantly different to the original estimate.</p> <p>This degree of uncertainty is dependent, amongst other factors, on the business underwritten by the Company, the level of stability in the historic data and potential future changes in the claims environment. Consequently, the Company may also include a margin in excess of the best-estimate.</p> <p>Refer to the accounting policy in note 2 (parts D & E) and the disclosures in notes 6 and 7 of the financial statements.</p> <p>The Liability for Incurred Claims amounted to \$128.1m as at 31 May 2025 (2024: \$120.2m).</p>	<p>We addressed this risk with the assistance of our actuarial specialists through the following procedures:</p> <ul style="list-style-type: none"> ▪ performed walkthrough procedures of the reserving process to understand the methodology adopted for the valuation of IBNE and outstanding claims reserves and identified the key controls within this process and considered the design and implementation of such controls; ▪ obtained evidence to support the key reserving methods that management employs and as noted in the management expert's IBNE study and compared these methods with those previously selected and with standard actuarial practice; ▪ reviewed the appropriateness of data utilised by the management's actuarial expert in projecting the IBNE reserves; ▪ compared the booked IBNE to the management expert's best estimate to determine the margin (risk adjustment) commented on the appropriateness in the context of the uncertainties inherent in the Company's book of business and the requirements of IFRS 17; ▪ reviewed the analysis of movements in insurance contract liabilities during the year together with supporting commentaries, focusing on the impact of changes in approach and key assumptions changes, if any; ▪ reviewed the impact of reinsurance arrangements on the level of provisions; ▪ convened discussions with and reviewed the claims files prepared by the Company's claims handlers where appropriate to obtain

	<p>support over specific case reserves held at the year end; and</p> <ul style="list-style-type: none"> ▪ considered the adequacy and completeness of the financial statements disclosures and assessed whether they are in compliance with the applicable IFRS requirements.
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Our application of materiality

We apply the concept of materiality in planning and performing the audit and in evaluating the impact of misstatements, if any. Materiality is an expression of the relative significance or importance of a matter in the context of the financial statements. Misstatements in the financial statements are material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	\$968,349
How we determined it	3% of Shareholder's Equity
Rationale for benchmark applied	<p>In determining our materiality, we have applied professional judgement and considered those financial metrics, which we believed to be relevant, and concluded that shareholder's equity was the most relevant benchmark.</p> <p>In our view, this is a metric against which the Company is commonly measured by its stakeholders.</p>
Performance materiality	<p>Performance materiality is set 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.</p> <p>We set performance materiality at \$726,261 which represents 75% of overall materiality.</p> <p>The primary factors that we considered in determining the level of performance materiality include our understanding of the Company's control environment; the level and nature of errors detected in previous audits and our expectation of the number of errors in the current year audit.</p>
Reporting threshold	We agreed to those charged with governance that we would report to them misstatements identified during our audit above \$48,417 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of the audit

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures

responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

As an output of this process, we involved our actuarial specialists as part of our engagement team and therefore determined the scope and nature of audit procedures to be performed by us ('engagement team'). Where the audit procedures were performed by specialists, experts, or other auditors, we issued and agreed audit instructions to ensure that appropriate audit evidence was obtained as a basis for our opinion on the financial statements as a whole.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company.

We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Company and the insurance sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with the Central Bank of Ireland ("CBI") regulations and we considered the extent to which non-compliance might have a material effect on the financial statement.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- gaining an understanding of the legal and regulatory framework applicable to the Company, the industry in which it operates and considered the risk of acts by the Company which were contrary to the applicable laws and regulations;
- discussing with the directors and management the policies and procedures in place regarding compliance with laws and regulations;
- discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the Company's, regulatory and legal correspondence and review of minutes of directors' meetings in the year.

We also considered those other laws and regulations that have a direct impact on the preparation of financial statements, such as the Companies Act 2014, European Union (Insurance Undertakings: Financial Statements) Regulation (Amendment) 2015 and Irish tax legislation.

Our procedures in relation to fraud included but were not limited to:

- making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team on the risks of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

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

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under “Key Audit Matters” within this report.

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.

This description forms part of our auditor's report.

Other matters which we are required to address


Following the recommendation of the Board of Directors, we were appointed by the Company on 21 November 2019 to audit the financial statements for the year ending 31 May 2020 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 6 years.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Board of Directors we are required to provide in accordance with ISA (Ireland) 260.

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

Our 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.



Martina Mahon
for and on behalf of Forvis Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2
Date: 3 September 2025

Pine Indemnity DAC

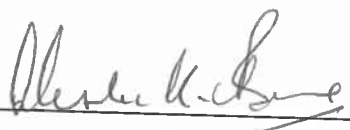
Financial year ended 31 May 2025

Statement of Financial Position as at 31 May 2025
(Expressed in US dollars unless otherwise indicated)

	Note	31 May 2025	31 May 2024
ASSETS			
Reinsurance contract assets	6,7	118,917,820	111,561,579
Investments	4	40,601,977	37,188,621
Cash and cash equivalents	5	1,115,416	1,732,053
Corporation tax receivable		51,788	-
Prepayments and other assets		12,332	10,301
Total assets		160,699,333	150,492,554
LIABILITIES AND SHAREHOLDER'S EQUITY			
Insurance contract liabilities	6,7	128,145,634	120,164,186
Deferred tax liabilities	9	101,372	135,163
Other liabilities		174,021	880,643
Total liabilities		128,421,027	121,179,992
Share capital	10	1,500,000	1,500,000
Capital contribution	13	10,750,000	10,750,000
Retained earnings		20,028,306	17,062,562
Total shareholder's equity		32,278,306	29,312,562
Total liabilities and shareholder's equity		160,699,333	150,492,554

The accompanying notes are an integral part of these financial statements.

Approved for issue by the Board of Directors on and signed on its behalf by:



Alexander K. Burns

Director



Vincent Barrett

Director

Pine Indemnity DAC

Financial year ended 31 May 2025

Statement of Comprehensive Income for the year ended 31 May 2025
(Expressed in US dollars unless otherwise indicated)

		2025	2024
Income	Note		
Insurance revenue	6	36,449,587	33,002,914
Insurance service expenses	6	(3,971,508)	27,729,913
Net expenses from reinsurance contracts	6	(29,635,319)	(55,614,400)
Insurance service result		2,842,760	5,118,427
Net finance expenses from insurance contracts	6	(9,108,731)	(8,854,891)
Net finance income from reinsurance contracts	6	8,407,974	8,183,004
Net financial result		(700,757)	(671,887)
Net investment income	8	2,274,017	1,365,298
General and administrative expenses		(1,019,667)	(1,071,685)
Net profit before tax		3,396,353	4,740,153
Corporation tax expense	9	(430,609)	(387,994)
Net profit and total comprehensive income		2,965,744	4,352,159

The accompanying notes are an integral part of these financial statements.

Approved for issue by the Board of Directors on and signed on its behalf by:



Alexander K. Burns

Director



Vincent Barrett

Director

Pine Indemnity DAC

Financial year ended 31 May 2025

Statement of Changes in Shareholder's Equity for the year ended 31 May 2025
(Expressed in US dollars unless otherwise indicated)

	Share Capital	Capital Contribution	Retained Earnings	Total
Balance at 1 June 2023	1,500,000	10,750,000	12,710,403	24,960,403
Total comprehensive income for the year	-	-	4,352,159	4,352,159
Balance at 31 May 2024	1,500,000	10,750,000	17,062,562	29,312,562
Total comprehensive income for the year	-	-	2,965,744	2,965,744
Balance at 31 May 2025	1,500,000	10,750,000	20,028,306	32,278,306

The accompanying notes are an integral part of these financial statements.

Pine Indemnity DAC

Financial year ended 31 May 2025

Statement of Cash Flows for the year ended 31 May 2025

(Expressed in US dollars unless otherwise indicated)

	2025	2024
Operating Activities		
Total comprehensive income for the year	2,965,744	4,352,159
Adjustments for:		
Income tax expense	430,609	387,994
Investment income (gross of fees)	(2,360,350)	(1,403,572)
Changes in:		
Reinsurance contract assets	(7,356,241)	22,711,409
Prepayments and other assets	(2,031)	(946)
Insurance contract liabilities	7,981,447	(24,724,676)
Other liabilities	(284,837)	71,001
Corporation tax paid	(937,973)	-
Net cash flows from operating activities	<u>436,368</u>	<u>1,393,369</u>
Investing Activities		
Interest received	944,577	562,906
Proceeds on sale of investments and maturities	14,371,733	14,503,053
Purchase of investments	(16,369,316)	(15,787,382)
Net cash flows used in investing activities	<u>(1,053,006)</u>	<u>(721,423)</u>
Net movement in cash and cash equivalents	<u>(616,637)</u>	<u>671,946</u>
Cash and cash equivalents at beginning of year	1,732,053	1,060,107
Net (decrease)/increase in cash and cash equivalents	(616,637)	671,946
Cash and cash equivalents at end of year	<u><u>1,115,416</u></u>	<u><u>1,732,053</u></u>

The accompanying notes are an integral part of these financial statements.

Pine Indemnity DAC

Financial year ended 31 May 2025

Notes to the Financial Statements

(Expressed in US dollars unless otherwise indicated)

1. Incorporation and Principal Activities

Pine Indemnity Limited was incorporated under the laws of Ireland on 6 January 1999. On 29 April 2016, in accordance with the Companies Act 2014, it converted to Pine Indemnity DAC.

The Company is a wholly owned subsidiary of Park Indemnity Limited (“Park”), a Bermuda registered company. The largest and smallest group in which the financial statements of the Company are consolidated is headed by Park. The financial statements of Park are not publicly available. Park is beneficially owned by a number of firms that are part of an international network of independent member firms (the network is collectively referred to as the “member firms”).

The Company is a captive insurer and its principal activity is to provide professional liability (“PL”) and cyber insurance to member firms that are primarily domiciled in the European Union. All insurance is written on a claims-made basis and indemnifies the policyholders for amounts incurred to resolve each claim, including any defence costs. The coverage under each insurance program is subject to various per claim and aggregate limits which may differ by coverage year. The coverage years for PL and cyber insurance programs run from 1 June to 1 June, and 15 June to 15 June, respectively. Certain of the member firms that the Company provides insurance to are also the beneficial owners of Park. The Company did not renew the PL and cyber insurance programs which expired in June 2025 and entered into an orderly run-off at this point. The Company is currently expected to remain in run-off for several years.

The Company’s registered address is 15 George’s Quay, Dublin 2, Ireland.

2. Significant Accounting Policies

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

(a) Basis of preparation

The financial statements are prepared on a going concern basis and in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union. The financial statements also comply with the Companies Act 2014.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported and disclosed amounts at the Statement of Financial Position date and the reported and disclosed amounts of revenues and expenses during the reporting period. Actual results may differ materially from the estimates made. The most critical estimate requiring management’s judgement is the estimation of insurance contract liabilities and reinsurance contract assets, which are discussed further in Notes 2(e), 2(f), 6 and 7.

The cyber insurance program is considered to be immaterial, therefore, for the purposes of the narrative disclosures in these financial statements, the disclosures concentrate on the PL program.

New and revised IFRSs in issue but not yet effective

Certain new and revised IFRSs have been published that are mandatory for the Company’s accounting periods beginning after 31 May 2025 or later periods which the Company has not early adopted in preparing these financial statements.

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IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces new requirements for the presentation and disclosure of financial statements. The Company is still in the process of assessing the impact of the new accounting standard.

(b) Foreign currency translation

The insurance policies issued by the Company provide coverage in US dollars. Premiums are additionally calculated and charged in US dollars. The Company considers the US dollar as the currency that most represents the economic effects of the underlying transactions, events and conditions. The financial statements are therefore presented in US dollars, which is the Company's functional and presentation currency.

Transactions denominated in foreign currencies are converted at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at period end exchange rates. Realised and unrealised gains and losses arising from currency translation are reflected in the Statement of Comprehensive Income ("SOI").

(c) Classification of insurance contracts

Contracts under which the Company assumes a significant insurance risk from another party (the "policyholder") by stipulating that the policyholder receives indemnification if a specified uncertain event (the insured event) negatively affects the policyholder, are treated as insurance policies for the purposes of IFRS. The Company has no insurance or reinsurance contracts which do not transfer significant insurance risk.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts. It introduces a model that measures groups of contracts based on the Company's estimates of the present value ("PV") of future cash flows ("FCFs") that are expected to arise as the Company fulfils the contracts and introduces an explicit risk adjustment for non-financial risk.

(d) Aggregation and recognition of insurance and reinsurance contracts

Insurance and reinsurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by coverage year). The Company has two portfolios of insurance and reinsurance contracts, PL contracts and cyber contracts. Insurance and reinsurance contracts are recognised on the beginning of the coverage period (1 June for PL and 15 June for cyber).

The Company has assessed its insurance and reinsurance contracts and has concluded that its PL insurance policies could be onerous at initial recognition if the Company charged premiums at a level at or below control estimates, which is the case for some prior policy years. Regardless of whether the PL policies are, or become onerous, there will be no impact on the measurement of the Company's insurance contract liabilities or reinsurance contract assets. This is due to PL policy periods being coterminous with the Company's financial year and any current policy year losses are recognized within the financial year. No interim financial statements are prepared. The Company's cyber insurance policies are not considered onerous.

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(e) Insurance contract liabilities

The Company applies the Premium Allocation Approach ("PAA") to simplify the measurement of insurance contracts. The PAA is available for measuring groups of insurance contracts if such measurement of the liabilities for remaining coverage ("LRC") would not differ significantly from applying the full measurement approach of IFRS 17 or if the coverage period of the contracts is one year or less. As the Company's contracts do not exceed one year in duration and are largely coterminous with the Company's financial year, they are eligible for use of the PAA.

Specific case reserves are set on a claim-by-claim basis, based on the Company's best estimate of the ultimate cost of settlement (including related defence costs) of each individual claim that has been notified, in accordance with recommendations of claims advisors. Such case reserves reflect the current facts and circumstances of the underlying claims; however, additional information will become available as the claim progresses through final resolution and the reserves are re-estimated as such information emerges over the life of the claim. Claim costs paid or payable by the Company reduce case reserves and are included in insurance contract liabilities on the Statement of Financial Position.

Recognising that the ultimate cost of defending and resolving open claim matters may deviate, perhaps materially, from current case reserve estimates, the Company also establishes a reserve for Incurred But Not Evaluated ("IBNE") matters based on the results of an independent actuarial study using the past loss experience of the Company and peer company data.

The Company has recorded IBNE reserves for PL exposures on an expected basis which equates to the probability weighted mean estimate of a range of ultimate loss outcomes as projected by the independent actuaries.

The PL exposures insured by the Company have a high level of risk and volatility. Estimated loss reserves are determined on the outcomes of relatively few claims involving substantial sums. Consequently, actual losses may deviate materially from amounts recorded. Furthermore, the coverage and settlement of professional liability claims takes an extended period of time, which additionally requires an estimate of the timing of any claim payments.

The Company has recorded IBNE reserves for cyber liability exposures using a market consistent loss ratio approach. The loss ratio selected in each year is based on the external actuary's analysis of recent claims activity experienced by other cyber insurers.

Future adjustments to the amounts recorded resulting from the continual review process, as well as differences between estimates and ultimate settlements and the timing thereof, will be reflected in the Company's SOCI in future periods when such adjustments become known.

Under IFRS 17, insurance contract liabilities (and reinsurance assets) include an explicit risk adjustment for non-financial risks ("RA"). The risk adjustment reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk. As the Company does not require (or charge) any additional compensation for non-financial risk on its written PL business, the Company's PL risk adjustment (on a gross and net of reinsurance basis) is recorded at \$nil (2024: \$nil). As such, gross and net losses are recorded at 'Control' estimates. This equates to a confidence level of 55% (2024: 54%).

A provision is made for an unallocated loss adjustment expense ("ULAE") being 1.5% (2024: 1.5%) of total net claims reserves.

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(f) Reinsurance contract assets

Contracts entered into by the Company with reinsurers under which the Company is indemnified for losses on one or more insurance policies and that transfer insurance risk to the reinsurer are classified as reinsurance contracts. Insurance risk for such purposes relates to uncertainty as to the amount and/or timing of indemnity payments to the Company pursuant to the terms of the reinsurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance contract assets. These assets consist of recoverables that relate to the case and IBNE reserves currently recorded by the Company. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts (see Note 2(e)) and in accordance with the terms of each reinsurance contract.

The Company assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that a reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the SOCI.

The resulting reinsurance contract assets are recorded at their net present value using the same historical payment patterns and discount rates as used for the gross insurance contract liabilities.

Under IFRS 17, the Company also applies an adjustment to its reinsurance contract assets reflecting the potential for non-performance of its reinsurers. Non-performance is defined in IFRS as the risk that an entity will not fulfil an obligation. This could be due to insolvency of a reinsurer or a dispute with a reinsurer, amongst other reasons. At present such adjustment reduces the Company's reinsurance contract assets by \$25,813 (2024: \$23,957).

(g) Premium income

Premiums are recorded as written at the inception date of the underlying contract. Premiums are earned rateably over the term of the underlying risk period of the insurance contract. The portion of the premium related to the unexpired portion of the risk period, if any, is reflected as LRC. The PL insurance policies issued by the Company all expire coterminously with the Company's financial year end, therefore there is no LRC at the statement of financial position dates for these contracts. A small LRC exists relating to the cyber insurance and reinsurance policies given they expire on 15 June.

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(h) Net expenses from reinsurance contracts

The Company purchases reinsurance to mitigate the impact of significant claim costs on its net income and related capital position. The portion of reinsurance cost that is related to the unexpired portion of the coverage period, if any, is reflected in reinsurance contract assets in the statement of financial position. As the PL reinsurance policies issued by the Company all expire coterminously with the Company's financial year end, there are no assets for remaining coverage ("ARC") at the statement of financial position dates for these contracts. A small ARC exists relating to the cyber reinsurance contracts which expire on 15 June.

The purchase of reinsurance does not relieve the Company of its insurance obligations to policyholders. The Company regularly evaluates the credit risk of its reinsurers to minimise its exposure to financial loss from reinsurers' insolvency and establishes a provision for irrecoverable amounts where appropriate.

(i) Insurance acquisition expenses

Insurance acquisition expenses comprise costs directly attributable to individual insurance contracts and groups of contracts. These costs are recorded on an accruals basis and are recognized in the Statement of Comprehensive Income on a pro-rata basis over the relevant insurance contract periods. As the Company's insurance and reinsurance contracts largely expire coterminously with the Company's financial year end, all such amounts are fully expensed at the statement of financial position dates. Insurance acquisition expenses are recorded as Insurance service expenses in the SOCI.

(j) Discounting

All cash flows relating to insurance contract liabilities and reinsurance contract assets are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. However, given that insurance and reinsurance contract premiums are typically received and paid within one year, the Company applies the PAA exemption from discounting the LRC.

The Company generally determines the risk-free rates using the observed EIOPA yield curves for government bonds in each major currency. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves used have been adjusted by an illiquidity premium. The illiquidity adjustment used by the Company is the Volatility Adjustment as published by EIOPA.

(k) Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at fair value. Cash is comprised of cash on deposit with banks. Cash equivalents comprise money market funds, certificates of deposit, and other short-term highly liquid investments with an original maturity of three months or less.

Cash and cash equivalents which are held for operating purposes are classified as cash and cash equivalents on the Statement of Financial Position. These balances are disclosed in the Statement of Cash Flows.

Cash and cash equivalents which are included in the Company's investment accounts are classified in the Statement of Financial Position as investments as they are being held for re-investment purposes rather than for the purpose of meeting short-term cash commitments. These balances are

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disclosed in Note 4.

(l) Investments

All investments, at their date of initial recognition, are irrevocably classified as fair value through profit or loss ("FVTPL").

Investments at FVTPL are stated at fair value, with any resultant changes in estimated fair value recognised in net investment income in the SOCI, along with realised gains and losses and any interest earned on the investment. Estimated fair values of quoted investments are determined based on bid prices from recognised exchanges or broker dealers.

Investment income is stated net of investment manager and custodian fees.

Purchases and sales of investments are recognised at the trade date.

(m) Related party transactions

The recorded amounts of related party transactions approximate their fair value.

(n) Taxes

The Company is subject to Irish corporation tax. The Company's tax expense represents the sum of the current tax payable and any changes in deferred tax arising during the year. The current tax payable is provided on taxable profits at current attributable rates. Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

Deferred tax is calculated on all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date.

Deferred tax liabilities are recognised in full in respect of unfavourable timing differences.

Deferred tax assets in respect of favourable timing differences, including tax losses available for carry forward, are recognised only when it is probable that there will be suitable taxable profits from which the future reversal of timing differences can be deducted.

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.

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3. Risk Management

The Company is exposed to risks from several areas including insurance risk, market risk, credit risk, and liquidity risk. This section summarises these risks and the way the Company manages them.

(a) Insurance risk

The Company underwrites contracts that transfer insurance risk. The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty that the Company will have sufficient assets to satisfy the amounts payable under the contract. This risk is mitigated by collecting the estimated premium sufficient to meet estimated losses and expenses. The Company additionally manages its insurance risk exposures through the purchase of reinsurance cover.

(b) Market risk

The risk of future changes in market prices, which would result in devaluation of investable assets, may result from several factors, including, but not limited to, value, liquidity, duration, composition, interest rates, foreign exchange rates and market fluctuations. The Company diversifies its portfolio to reduce the exposure to market fluctuations.

Interest Rate Risk

The Company manages interest rate risk by selecting investments with characteristics such as duration, yield, currency and liquidity tailored to the anticipated cash outflow characteristics of the net insurance liabilities it assumes. This is reviewed on a semi-annual basis and the portfolio is rebalanced accordingly.

The fair value of the fixed income portfolio is generally inversely correlated to movements in market interest rates. If market interest rates fall, the fair value of the Company's fixed income investments would tend to rise and vice versa. The sensitivity of the price of fixed income securities is impacted by its duration. The greater a security's duration, the greater its percentage price volatility. Interest rate risks on fixed income investments that are not matched to the Company's net insurance liabilities are mitigated by investing in shorter duration securities.

The sensitivity of the carrying value of the Company's fixed income investments to interest rate movements at 31 May is as follows:

Immediate shift in yield (basis points)	2025	2024
100	(1,179,360)	(794,364)
50	(596,324)	(401,447)
(50)	609,612	409,977
(100)	1,232,512	828,484

The Company reviews the composition, duration and asset allocation of its investment portfolio on a regular basis in order to respond to changes in interest rates and other market conditions.

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Currency risk

The Company is exposed to currency risk to the extent its assets and liabilities are denominated in a currency different from its functional currency.

The Company seeks to mitigate currency risk by matching the assets and liabilities which arise in different currencies. The ultimate settlement of loss reserves may be in currencies other than the US dollar. The Company's exposure to foreign exchange risk arises primarily with respect to the Euro and the Company accordingly holds assets in Euro to seek to hedge against potential currency risks arising from loss reserves on a net of reinsurance basis (see "Eurozone Government Bonds" holdings in Note 4).

The analysis below demonstrates the impact on net income before tax and equity of both a 10% strengthening and a 10% weakening of the Euro relative to the US dollar to which the Company is exposed.

Currency Sensitivity		2025 (\$)		2024 (\$)	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Euro	+10%	105,181	92,034	(55,840)	(48,860)
Euro	-10%	(105,181)	(92,034)	55,840	48,860

(c) Credit risk

Credit risk is the risk that one party to a financial instrument or financial arrangement will fail to discharge an obligation and cause the other party to incur a financial loss.

The assets that are exposed to credit risk are:

- Cash and cash equivalents;
- Investments;
- Reinsurance contract assets.

The Company utilises financial institutions deemed to be of high credit quality to hold its cash and cash equivalents, and additionally has limits in place in relation to the amount of cash which can be held by any one financial institution. Credit risk on the fixed income portfolio is mitigated primarily through investment in highly rated government bonds.

The Company cedes a portion of risk to Park and a number of commercial reinsurers in the normal course of business.

The purchase of reinsurance does not relieve the Company of its obligation to its policyholders and accordingly a credit risk exists to the extent that any reinsurer is unable to meet the obligations assumed under such reinsurance agreements.

The Company mitigates this credit risk by reinsuring with counterparties who are considered appropriately creditworthy. Commercial reinsurers are assessed and approved based on their

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financial strength ratings and other factors. Reinsurers that are not rated or do not fall within the pre-defined rating categories are approved on a case by case basis. The credit-worthiness of reinsurers is monitored on a regular basis. In general, all commercial reinsurers have a minimum rating A- from S&P or AM Best.

To minimise the credit risk associated with the reinsurance contract assets, Park has collateralised its reinsurance obligations in favour of the Company. Additionally, another reinsurer has collateralised certain aspects of its reinsurance obligations. Further detail on this matter is provided in Note 5.

(d) Liquidity Risk

The Company is exposed to liquidity risk if proceeds from financial assets are not sufficient to fund obligations arising from its insurance contracts. The Company can be exposed to daily calls on its available investment assets, principally from insurance claims. Liquidity risk is the risk that cash may not be available to pay obligations when they are due without incurring an unreasonable cost.

Liquidity risk is managed by investing primarily in highly rated government bonds which the Company deems to be very liquid.

The maturity profile of the Company's investment portfolio at 31 May 2025 and 2024 is as follows:

Maturity dates	2025		2024	
	Fair Value \$	%	Fair Value \$	%
Less than one year	7,152,177	17.6	11,936,737	32.1
Between one and two years	46,063	0.1	8,399,324	22.6
Between two and five years	29,749,535	73.3	13,969,554	37.6
Over five years	3,654,202	9.0	2,883,006	7.7
Total	40,601,977	100	37,188,621	100.0

(e) Underwriting risk – interest rate risk

The total insurance contract liabilities and reinsurance contract assets are recorded at their net present value using historical payment patterns derived by the independent actuaries and a discount rate using the published EIOPA risk-free rate with volatility adjustment.

The following table summarised the overall effect of such discounting on the carrying amounts of insurance contract liabilities and reinsurance contract assets.

	2025	2024
Undiscounted insurance contract liabilities	142,048,855	135,126,433
Undiscounted reinsurance contract assets	131,707,873	125,376,782
Net undiscounted insurance contract liabilities	10,340,982	9,749,651
Discount on insurance contract liabilities	(13,903,221)	(14,962,247)
Discount on reinsurance contract assets	(12,790,052)	(13,815,203)
Net effect of discounting	(1,113,169)	(1,147,044)

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The potential impact of a 1% increase or decrease in the discount rate, on the carrying values of insurance contract liabilities and reinsurance contract assets is set out below:

Discount Rate sensitivity		Impact on insurance contract liabilities	Impact on reinsurance contract assets	Impact on profit before tax	Impact on equity
31 May 2025	+1%	(3,567,195)	(2,962,927)	192,000	170,625
	-1%	5,417,981	4,263,755	(430,203)	(376,428)
31 May 2024	+1%	(4,199,548)	(3,877,496)	322,052	281,796
	-1%	4,503,721	4,157,590	(346,131)	(302,865)

(f) Capital management

The total capital of the Company as at 31 May 2025 consists of shareholder's equity of \$32,278,306 (2024: \$29,312,562).

Management reviews capital on an ongoing basis with a view to maintaining a level of capital sufficient to cover significant Statement of Financial Position risks and regulatory requirements.

As at 31 May 2025 the Company has adequate capital to meet these objectives. Refer to Note 15 for a discussion of the Company's regulatory capital requirements.

4. Investments

Investments comprise:

	Cost	Unrealised FX gains	Unrealised gains	Unrealised losses	Carrying Value	Fair Value
2025						
Fixed income securities	39,713,613	393,480	1,518	-	40,108,611	40,108,611
Cash and cash equivalents	121,813	-	-	-	121,813	121,813
Accrued interest	371,553	-	-	-	371,553	371,553
Total Investments	40,206,979	393,480	1,518	-	40,601,977	40,601,977
2024						
Fixed income securities	38,334,637	(94,392)	-	(1,384,396)	36,855,849	36,855,849
Cash and cash equivalents	58,187	-	-	-	58,187	58,187
Accrued interest	274,585	-	-	-	274,585	274,585
Total Investments	38,667,409	(94,392)	-	(1,384,396)	37,188,621	37,188,621

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The credit ratings of the Company's fixed income investment portfolio, based on Standard & Poor's ratings, at 31 May is broken down as follows:

2025

	US Government Treasuries	Eurozone Government bonds	Total	%
AAA	-	9,244,824	9,244,824	23
AA+	29,852,352	1,011,435	30,863,787	77
	29,852,352	10,256,259	40,108,611	100

2024

	US Government Treasuries	Eurozone Government bonds	Total	%
AAA	-	7,814,344	7,814,344	21
AA+	28,205,572	835,933	29,041,505	79
	28,205,572	8,650,277	36,855,849	100

Investment maturities are presented in the risk disclosures section in Note 3(d).

Fair value measurements

The Company must determine the appropriate level in the hierarchy for each financial instrument that it measures at fair value. In determining fair value, the Company uses the market value prices obtained from its custodian. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets; since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgement.
- Level 2 fair value measurements are based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or for which significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

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The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

<u>2025</u>	Level 1	Level 2	Level 3	Total
U.S. Government Treasuries	29,852,352	-	-	29,852,352
Eurozone Government Bonds	-	10,256,259	-	10,256,259
Total Investment securities	29,852,352	10,256,259	-	40,108,611

<u>2024</u>	Level 1	Level 2	Level 3	Total
U.S. Government Treasuries	28,205,572	-	-	28,205,572
Eurozone Government Bonds	-	8,650,277	-	8,650,277
Total Investment securities	28,205,572	8,650,277	-	36,855,849

The following describes the valuation techniques used by the Company to determine the fair value of financial instruments held as of 31 May 2025 and 2024.

U.S. Government Treasuries: Comprised of fixed income securities issued by the U.S. Treasury. The fair values of the U.S. government securities are based on quoted market prices in active markets and are included in the Level 1 fair value hierarchy. The Company believes the market for U.S. Treasury securities is highly liquid and actively traded market given the high level of daily trading volume.

Eurozone Government Bonds: Comprised of fixed income securities issued by Eurozone governments. The fair values of Eurozone government bonds are based on prices obtained from brokers/dealers and international indices and are included in the Level 2 fair value hierarchy.

5. Restricted cash

At 31 May 2025, cash and cash equivalents include an amount of \$1,119 (2024: \$238,700) received by the Company from one of its reinsurers. These funds are held in a segregated account and are restricted as to use. Interest earned on the account accrues to the benefit of the reinsurer. Such funds have been provided as security to support the reinsurer's obligations to the Company under certain reinsurance arrangements. The Company is only entitled to draw down on the funds in the account to effect reimbursement of claim payments that are subject to these reinsurance arrangements. The funds are repayable to the reinsurer if not needed for this purpose. This obligation to repay is included in Other Liabilities.

6. Insurance and reinsurance contracts

The following tables present the components of the Company's material underwriting related financial statement line items:

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(a) **Expenses**

	2025	2024
<u>Insurance service expenses</u>		
Claims and benefits	(3,851,628)	27,848,139
Amortization of insurance acquisition cash flows	(119,880)	(118,226)
Insurance service expenses	(3,971,508)	27,729,913
<u>Net expenses from reinsurance contracts</u>	2025	2024
Reinsurance premiums	33,110,057	29,858,591
Incurred claims	(3,474,738)	25,755,809
Net expenses from reinsurance contracts	29,635,319	55,614,400
<u>Net financial result</u>	2025	2024
Net finance income/(expenses) from insurance contracts		
Interest expensed	(3,520,992)	(7,097,611)
Effect of changes in interest rates	(2,439,096)	(159,362)
Net foreign exchange losses	(3,148,643)	(1,597,918)
Total net finance expenses from insurance contracts	(9,108,731)	(8,854,891)
Net finance income/(expenses) from reinsurance contracts		
Interest accreted	5,505,994	6,659,538
Net foreign exchange gains	2,903,836	1,512,877
Net finance income from reinsurance contracts	8,409,830	8,172,415
Effect of changes in non-performance risk of reinsurers	(1,856)	10,589
Total net finance income from reinsurance contracts	8,407,974	8,183,004
<u>Net financial result</u>	(700,757)	(671,887)

The following reconciliations show how the carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognised in the SOCI. The Company presents tables that analyze movements in the net LRC or ARC and incurred claims and reconciles these movements to the line items in the SOCI.

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31 May 2025	Net LRC	Estimate of PV of FCFs	Risk Adjustment	Total
Opening insurance contract liabilities	105,923	119,500,816	557,447	120,164,186
Insurance revenue	(36,449,587)	-	-	(36,449,587)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	36,630,868	142,553	36,773,421
Amortization of insurance acquisition cash flows	119,880	-	-	119,880
Adjustments to liabilities for incurred claims	-	(32,921,793)	-	(32,921,793)
Total insurance service expenses	119,880	3,709,075	142,553	3,971,508
Insurance service result				
Net finance expenses from insurance contracts	-	5,960,088	-	5,960,088
Effect of movements in exchange rates	-	3,148,643	-	3,148,643
Total changes in the SOCI	(36,329,707)	12,817,806	142,553	(23,369,348)
Cash flows				
Insurance revenue received	36,444,464	-	-	36,444,464
Claims and other insurance service expenses paid	-	(4,969,764)	-	(4,969,764)
Insurance acquisition cash flows	(123,904)	-	-	(123,904)
Total cash flows	36,320,560	(4,969,764)	-	31,350,796
Closing insurance contract liabilities	96,776	127,348,858	700,000	128,145,634

31 May 2025	Net ARC	Estimate of PV of FCFs	Risk Adjustment	Total
Opening reinsurance contract assets	79,150	110,924,982	557,447	111,561,579
Expenses from reinsurance contracts	(33,110,057)	3,332,185	142,553	(29,635,319)
Net finance income from reinsurance contracts	-	5,505,994	-	5,505,994
Changes in non-performance risk of reinsurers	-	(1,856)	-	(1,856)
Effect of movements in exchange rates	-	2,903,836	-	2,903,836
Total changes in the SOCI	(33,110,057)	11,740,159	142,553	(21,227,345)
Cash flows				
Reinsurance expenses paid	33,104,934	-	-	33,104,934
Amounts received	-	(4,521,348)	-	(4,521,348)
Total cash flows	33,104,934	(4,521,348)	-	28,583,586
Closing reinsurance contract assets	74,027	118,143,793	700,000	118,917,820

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31 May 2024	Net LRC	Estimate of PV of FCFs	Risk Adjustment	Total
Opening insurance contract liabilities	118,707	144,400,155	370,000	144,888,862
Insurance revenue	(33,002,914)	-	-	(33,002,914)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	28,638,343	187,447	28,825,790
Amortization of insurance acquisition cash flows	118,226	-	-	118,226
Adjustments to liabilities for incurred claims	-	(56,673,929)	-	(56,673,929)
Total insurance service expenses	118,226	(28,035,586)	187,447	(27,729,913)
Insurance service result				
Net finance expenses from insurance contracts	-	7,256,973	-	7,256,973
Effect of movements in exchange rates	-	1,597,919	-	1,597,919
Total changes in the SOCI	(32,884,688)	(19,180,694)	187,447	(51,877,935)
Cash flows				
Insurance revenue received	32,989,409	-	-	32,989,409
Claims and other insurance service expenses paid	-	(5,718,645)	-	(5,718,645)
Insurance acquisition cash flows paid	(117,505)	-	-	(117,505)
Total cash flows	32,871,904	(5,718,645)	-	27,153,259
Closing insurance contract liabilities	105,923	119,500,816	557,447	120,164,186

31 May 2024	Net ARC	Estimate of PV of FCFs	Risk Adjustment	Total
Opening reinsurance contract assets	92,655	133,810,333	370,000	134,272,988
Expenses from reinsurance contracts	(29,858,591)	(25,943,256)	187,447	(55,614,400)
Net finance income from reinsurance contracts	-	6,659,538	-	6,659,538
Changes in non-performance risk of reinsurers	-	10,589	-	10,589
Effect of movements in exchange rates	-	1,512,877	-	1,512,877
Total changes in the SOCI	(29,858,591)	(17,760,252)	187,447	(47,431,396)
Cash flows				
Reinsurance expenses paid	29,845,086	-	-	29,845,086
Amounts received	-	(5,125,099)	-	(5,125,099)
Total cash flows	29,845,086	(5,125,099)	-	24,719,987
Closing reinsurance contract assets	79,150	110,924,982	557,447	111,561,579

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Notes to the Financial Statements
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7. Claims development

The development of claims provides a measure of the Company's ability to estimate the ultimate value of losses. However, the professional indemnity exposures insured by the Company have a high level of risk and volatility. Estimated loss reserves rest on the outcomes of relatively few claims involving substantial sums. Consequently, actual losses may deviate materially from amounts recorded.

The following loss development table summarises how the Company's estimates of cumulative incurred claims, including paid losses, case reserves and IBNE, have developed over time. The table is presented on a net basis to reflect the benefits of the Company's reinsurance contract assets. The table also reflects how the Company's estimates of total claims for each coverage year have developed over time and reconciles the cumulative claims to the amounts included in the statement of financial position.

Claims development as at 31 May 2025:

	Coverage Years							Total
	2018/19 and prior	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	
Estimate of Cumulative Net Ultimate Losses								
At 31 May 2019	12,622	-	-	-	-	-	-	12,622
At 31 May 2020	9,502	2,707	-	-	-	-	-	12,209
At 31 May 2021	8,444	2,842	2,749	-	-	-	-	14,035
At 31 May 2022	7,058	2,596	2,308	2,717	-	-	-	14,679
At 31 May 2023	6,537	1,980	1,745	2,248	2,984	-	-	15,494
At 31 May 2024	4,938	1,257	1,026	2,240	1,843	2,516	-	13,820
At 31 May 2025	4,637	913	614	1,792	1,575	2,194	3,128	14,853
Cumulative Payments	(4,071)	(494)	-	-	-	-	-	(4,565)
Insurance contract liabilities at 31 May 2025	566	419	614	1,792	1,575	2,194	3,128	10,288
Discount thereon	(30)	(29)	(49)	(157)	(166)	(262)	(420)	(1,113)
Discounted insurance contract liabilities at 31 May 2025	536	390	565	1,635	1,409	1,932	2,708	9,175

8. Net investment income

	2025	2024
Interest income	1,041,541	651,015
Net realised losses	(465,442)	(757,964)
Net realised foreign exchange losses	(91,844)	(282,599)
Net unrealised gains on investments	1,385,914	1,230,786
Net unrealised foreign exchange gains	490,181	562,335
Investment manager and custodian fees	(86,333)	(38,275)
Net investment income	2,274,017	1,365,298

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9. Corporation tax

The Company is subject to Irish corporation taxes. The current tax charge is different from the tax charge that would result from applying the standard rate of corporation tax to the profit on ordinary activities.

	2025	2024
Current tax expense		
Profit on ordinary activities before taxation	3,396,353	4,740,153
Profit on ordinary activities multiplied by the standard rate of corporation tax in Ireland of 12.5% (2024: 12.5%)	424,544	592,519
Tax effect of:		
Prior year loss carry-forward applied	-	(207,071)
Disallowed expenses	67	1,225
Non-taxable foreign exchange losses	5,998	1,321
Current tax expense for year	<u>430,609</u>	<u>387,994</u>

The movement in the deferred tax liability is shown in the table below:

	2025	2024
Opening balance	135,164	-
Tax impact of IFRS 17 transition adjustments	-	168,955
Opening balance	135,164	168,955
Tax impact of IFRS 17 transition adjustments	-	-
IFRS 17 transition adjustments payable	(33,792)	(33,792)
Ending balance	<u>101,372</u>	<u>135,163</u>

The tax impact of IFRS 17 transition adjustments arising from a change in accounting standard is payable equally over five years starting with the year ended 31 May 2024, being the period that the change in accounting standard is applicable.

Ireland enacted tax legislation in 2023 which came into effect from 1 January 2024 to implement a domestic minimum top-up tax in accordance with the OECD Pillar Two model rules. The Company is not subject to the global minimum top-up tax as it does not belong to a group within the scope of the OECD Pillar Two model rules.

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10. Share capital

	2025	2024
Authorised –		
10,000,000 ordinary shares of US\$1 par value each	10,000,000	10,000,000
Allotted, called up and fully paid –		
1,500,000 ordinary shares of US\$1 par value each	<u>1,500,000</u>	<u>1,500,000</u>

11. Related party transactions

All insurance arrangements and resulting year-end balances are with related parties as set out in Note 1.

Certain of the member firms provide professional services to the Company with the resulting cost, including VAT, of \$34,117 (2024: \$15,597) included in general and administrative expenses in the SOCI, and of which \$11,997 is included in other liabilities at 31 May 2025 in the Statement of Financial Position (2024: \$11,764). During the year ended 31 May 2025, the Chair of the Board served as a senior executive with a member firm and the member firm charged Pine \$5,000 (2024: \$nil) for the provision of services as Chair.

During the year, one of the Company's directors (2024: one) served as a senior executive with the Company's captive manager and declared their interests in such arrangements. The captive manager charged the Company \$21,636 (2024: \$22,388) for the provision of services of a director as part of its management fee.

The Company had the following related party transactions with Park, its parent company, during the years ended 31 May 2025 and 2024:

a. The purchase of reinsurance from Park:

- Reinsurance contract assets of \$102,459,747 (2024: \$96,065,992);
- Insurance revenue of \$980,000 (2024: \$1,050,000);
- Net expenses from reinsurance contracts of \$27,297,402 (2024: net expenses from reinsurance contracts of \$46,804,674).

Park provided collateral to secure such reinsurance obligations in the amount of \$134,348,738 (2024: \$110,973,203).

b. The purchase of certain support services from Park resulted in the following:

- Fees incurred, including VAT at 23%, of \$276,632 (2024: \$344,701).

12. Directors' remuneration

Directors' fees, including those paid to the Company's captive manager, in respect of the year ending 31 May 2025 amounted to \$121,072 (2024: \$124,597). Amounts paid directly to directors consisted solely of short-term employment benefits.

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Financial year ended 31 May 2025

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13. Capital contribution

There were no capital contributions received during the financial year ended 31 May 2025 (2024: \$nil).

14. Auditors' remuneration

Auditors' remuneration for work carried out for the Company:

	2025	2024
Audit services (excluding VAT)	€44,750	€71,250
Other assurance services (excluding VAT)	-	€14,000
Non-assurance services	-	-
Total	€44,750	€85,250

15. Regulatory capital requirements

Solvency II came into force on 1 January 2016. In accordance with such requirements, the Company is required to maintain sufficient capital to meet its Solvency Capital Requirement ("SCR") and Minimum Capital Requirement (MCR). As at 31 May 2025 and 2024, the Company has met these requirements. The SCR and MCR are unaudited in line with the changes to the requirements for a Solvency II audit implemented by the CBI in April 2025.

Distributions to the shareholder are restricted to the extent that such a distribution would result in the Company not meeting the SCR and MCR. Furthermore, distributions from the capital contribution, as shown in the Statement of Financial Position, require prior consent from the Central Bank of Ireland.

The directors are satisfied that the Company will continue to meet its regulatory capital requirements in the foreseeable future.

16. Subsequent events

There were no events which occurred subsequent to the Statement of Financial Position date through to the date these financial statements were issued which required an adjustment to, or disclosure in, the financial statements. The Company did not renew the PL and cyber insurance programs which expired in June 2025. The Company entered into an orderly run-off at this point and is currently expected to remain in run-off for several years.

17. Employees

The number of employees during the year was nil (2024: nil).

18. Approval of Financial Statements

The Board approved these financial statements for issue on 14 August 2025.