

# Tradex Insurance Company plc

Annual report and accounts 2025

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## Principal activities

Tradex Insurance Company plc ('Tradex' and the 'Company') is a general insurance company, regulated by the Prudential Regulatory Authority ('PRA') and the Financial Conduct Authority ('FCA'). The Company is a wholly owned subsidiary of Saturn Holdings plc ('Saturn'), which also own 100% of the share capital of Soteria Insurance Limited ('Soteria'). Saturn changed its legal status in November 2025 from a limited company to a public limited company.

The Company's principal activity is as a UK-based general insurer that underwrites a diverse mix of consumer and business lines insurance, predominantly in the motor and home categories. Its policies are distributed by brokers, the largest of which is Markerstudy Insurance Services Limited ('MISL'), a leading UK broker of motor and home insurance, which combines a wide market reach with industry leading data, analytics, and technology platforms. Motor lines comprise a large proportion of the portfolio mix, with substantial consumer car, motor trade, and taxi accounts, along with other mainly motorcycle and commercial van lines of business.

## Results

### Key performance indicators

The business strategy for Tradex measures success in the key areas of financial performance and capital adequacy & risk. This 'balanced scorecard' approach helps ensure focus on the implications to areas identified as being key in progressing towards the Company's strategic vision. In addition, a range of customer outcomes measures are considered although there is no single key indicator.

Indicator	2025	2024
<b>Trading</b>		
<i>Trading measures focus on volumes of business</i>		
<b>Gross written premium</b>	£609.6m	£617.1m
<b>Financial</b>		
<i>Financial measures focus on profitability and the value of the business</i>		
<b>Profit before taxation</b>	£11.6m	£13.3m
<b>Trading profit<sup>1</sup></b>	£21.3m	£18.4m
<b>Combined ratio<sup>2</sup></b>	98.0%	92.5%
<b>Capital adequacy &amp; risk</b>		
<i>Risk measures focus on capital adequacy and risk appetite</i>		
<b>Solvency coverage</b>	147.6%	148.3%

The Company made a profit before tax for the year ended 31 December 2025 of £11.6m compared to £13.3m in 2024.

The increase in the trading profit from £18.4m in 2024 to £21.3m in 2025 has been driven by an improved return on investments of £14.5m, up from £5.6m in 2024. This has offset a reduction in the technical result, as shown in the income statement on page 18, which saw the 2024 profit of £10.0m reduced to a loss of £0.9m in 2025, caused by:

- softening of the market in the second half of 2025, whilst continuing to maintain a focus on writing profitable business; and
- an increase in exceptional costs relating to various projects undertaken by the Company, from £3.3m in 2024 to £6.1m in 2025.

Deterioration in the combined ratio to 98.0% (2024: 92.5%) was driven by strategic investments in capability and pricing, and reduced gross written premiums towards the end of 2025, particularly Q4, compared to a higher 2024, and consciously writing to a higher target loss ratio at a different point in the cycle for core products.

The Company has set itself the strategic objective of becoming a top 5 insurer, by Gross Written Premium ("GWP"), in the markets in which it operates in the UK, predominantly motor and home insurance. In doing so, it is focused on building on its competitive strengths, delivering good outcomes for customers and consistently delivering a strong underwriting performance. These markets represent markets with substantial scale, providing scope for the Company to grow and benefit from premium renewals.

The Company's GWP consist of three classes of business: Motor, Home, and Other. Motor includes the following business lines: consumer car policies ("Consumer"); commercial van, motor trade, and taxi policies, predominantly for small businesses (collectively, "Business"); and motorcycle policies ranging from standard and side-car to vintage and classic ("Bike"). Home includes mainstream and specialist home insurance policies. Other includes public and employers' liability insurance.

Tradex showed significant growth in premiums in 2024 driven by the Company entering into a distribution agreement with MISL, expanding its footprint in motor and entry into the motorcycle and commercial van markets, supplemented further with rate increases.

Tradex's strategy is to build on this strong base, by expanding distribution, while maintaining underwriting discipline and building the infrastructure to improve Operating ratio and end to end value.

<sup>1</sup> This shows the level of profit before interest paid on subordinated Tier 2 debt charges included within investment expenses of £3.6m (2024: £1.8m), exceptional costs of £6.1m (2024: £3.2m) included within net operating expenses, and tax.

<sup>2</sup> This shows underwriting profitability and is calculated as total claims and expenses, excluding exceptional costs, divided by net earned premiums (net of XoL and quota share).

## Results (continued)

### Key performance indicators (continued)

Strong growth continued into the six months ended 30 June 2025 and intentionally slowed through H2, as Tradex maintained discipline in a softening motor market, while leveraging its distribution partnership and expanding market reach. H2 was focused on building capability, and investing time and resource into other initiatives to improve 2026 GWP, such as footprint expansion, in a tested and controlled manner.

The benefits of operating leverage, increased investment returns, and continued underwriting discipline (as the more profitable business distributed through MISL has earned-through) have resulted in an increase in trading profit to £21.3 million in the year ended 31 December 2025 (2024: £18.4m).

Investment income for the year was £14.5m (2024: £5.6m), including interest of £14.0m and realised gains of £0.5m (2024: £4.5m and £1.1m, respectively). In addition, unrealised gains on investments amounted to £3.3m (2024: gains of £1.0m). Investment income increased compared with prior year largely driven by an improved performance by listed debt securities, deposits with credit institutions and asset backed lending.

## Reserving

The Company holds claims reserves to cover the future cost of settling claims that have occurred prior to and at the balance sheet date, whether already known to the Company or not yet reported, net of associated reinsurance recoveries. Reserves are assessed by internal actuaries, who assess the ultimate claims cost by time period, class of business, and type of claim both gross and net of reinsurance. Independent reserve reviews by an external actuarial firm are also commissioned and provided to the board of directors to further assess the reserves. The Actuarial Function estimate the reserves, which are then recommended and signed off by the Group Chief Actuary. Support is provided to the Group Chief Actuary in signing off the best estimate reserves by the Quarterly Reserving Committee, and by the Chief Financial Officer in determining the appropriate level of management margin, before further oversight by the board of directors' audit committee.

As time passes between the initial estimate of claims and their final settlement, circumstances can change that may require established reserves to be adjusted either upwards or downwards. Factors such as changes in the legal environment, results of litigation, propensity of personal injury claims, changes in medical and care costs, and costs of vehicle and home repairs can all substantially impact overall costs and expenses of claims and cause a material divergence from the bases and assumptions on which the reserves were calculated. These factors can cause actual developments to vary materially from the projections and assumptions on which the Company's technical reserves were calculated. In recent years, the high level of claims inflation as well as the impact of the Civil Liability Act on motor injury claims have led to greater levels of uncertainty in reserving. However, these factors are now stabilising and the level of uncertainty is returning to normal levels.

Given this uncertainty, the Company looks to maintain prudent reserves and has a policy to hold a management margin above best estimate reserves (net of reinsurance) in order to provide a buffer against the risk of adverse development. The potential sensitivity to movements in loss ratios is discussed further in note 5 on page 33.

## Capital resources

Tradex is regulated by the PRA and is subject to insurance solvency regulations which specify the minimum amounts and type of capital that may be held in addition to insurance liabilities. The Company's policy is to maintain capital in excess of these regulatory requirements.

The Company is required to meet a Solvency Capital Requirement ("SCR") which is calibrated to seek to ensure a 99.5% confidence of the ability to meet its obligations over a 12-month time horizon. Tradex calculates its SCR in accordance with the standard formula prescribed in the Solvency II UK regulations. The assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile.

On a Solvency II basis, as submitted, the Company's capital resources showed eligible own funds of £226.6m at 31 December 2025 compared with a capital requirement of £153.5m, resulting in a solvency coverage ratio of 147.6% (31 December 2024: 148.3%).

	<b>2025</b>	2024
	<b>£m</b>	£m
Tier 1 unrestricted	<b>173.3</b>	143.0
Tier 1 restricted	<b>20.0</b>	20.2
Tier 2	<b>29.8</b>	30.3
Tier 3	<b>3.5</b>	0.9
<b>Eligible own funds</b>	<b>226.6</b>	194.4
<b>Solvency capital requirement (SCR)</b>	<b>153.5</b>	131.1
<b>Coverage ratio</b>	<b>147.6%</b>	148.3%

Further information in relation to the solvency position can be found in the Company's Solvency and Financial Condition Report ("SFCR") which is available from [www.tradexinsurance.com](http://www.tradexinsurance.com).

## Regulatory background

### Environmental, social and governance

The regulatory focus on environmental, social and governance (ESG) matters and climate change continues to encourage companies to consider these matters for the business and wider society. Tradex has adopted an ESG policy, has incorporated Climate Change risk into its Risk Management Framework and has assigned owners who are responsible for the management and reporting of climate change risk in respect of underwriting and investments.

Further information on the Company's approach in relation to Climate Change risk can be found in the Directors' Report on page 10.

### Consumer Duty

Throughout 2025, management continued to strengthen its approach to Consumer Duty, ensuring that customer interests remained central to decision-making and day-to-day operations. The Company enhanced product governance, customer insight, and outcomes-testing frameworks, with regular reporting to the Board and the Consumer Duty Champion to provide independent challenge and oversight. The Company also reinforced oversight of outsourced partners to ensure consistent delivery of good customer outcomes across the value chain. The appointment of a Chief Customer Officer to Saturn's Executive team will lead the ongoing focus in this area.

## Reinsurance arrangements

The Company had reinsurance programmes in place throughout 2025, comprising excess of loss and quota share arrangements. These are held with a number of reinsurers, the majority of whom have 'AA' or 'A' ratings.

## Future developments

The Company plans to grow within the UK personal lines market, with a focus both on private car and expansion of home insurance products. The Markerstudy Group will continue to be the Company's key distribution partner and, as the Company continues to grow, will continue to evolve its operating model to support the business.

On 20th December 2025, the Company's parent company, Saturn, signed an agreement to acquire MISL, subject to regulatory approval. MISL is a Managing General Agent which also provides insurance services and has acted as an outsourced service provider to Tradex since Tradex was acquired by Saturn. The acquisition of MISL by Saturn will bring the currently outsourced operations under the control of Saturn and support the delivery of the business strategy of the Saturn Group.

## Risks and uncertainties

The Company's business involves the acceptance and management of risk, whether financial or non-financial. The Company has developed a framework for identifying the risks it is exposed to and their impact on economic capital. The Company complies with the Solvency II regulations which establish the capital requirements required on a risk-based approach.

Subsequent to the acquisition of Tradex by Saturn in 2023, the Tradex Board commissioned an internal review of the implementation of certain regulatory requirements which identified areas for remediation. An external regulatory review was also undertaken and recommendations made. Tradex established a programme of work to deliver against all the review's recommendations and will complete that work in H1 2026. There has been no material impact to the current period financial statements, and whilst there is some remaining uncertainty inherent in such situations, the directors do not consider that completion of the programme of work will have a material impact on the Company's financial position.

The Company is, from time to time, subject to threatened or actual litigation, reinsurance disputes, and/or other legal and/or regulatory disputes, investigations or similar actions. All potentially material matters are assessed, with external advice sought if appropriate. No provisions are currently held in relation to such matters.

**Risks and uncertainties (continued)**

The following are considered to be the high level risks facing Tradex:

<b>Key Risk</b>	<b>Definition</b>
Conduct and regulatory risk	The risk that Tradex's processes, behaviours, offerings or interactions will result in unfair outcomes or foreseeable harm for customers, or lead to regulatory sanctions, financial loss, and reputational damage due to a failure to comply with applicable laws, industry standards, and internal codes of conduct.
Insurance risk (premium risk and reserve risk)	Insurance risk comprises the risk of loss resulting from adverse change in the value of insurance liabilities and can relate to both unearned exposure (Premium risks) and earned exposure (Reserve risks). Premium risk includes the risk that future premium rates will not be adequate to cover future claims.
Solvency and liquidity risk	The risk of loss or of adverse change to Tradex's financial position and capital adequacy resulting, directly or indirectly, from market volatility, interest rate fluctuations, or the failure of debtors to meet contractual obligations, which ultimately impairs Tradex's ability to meet its own obligations as they fall due without incurring unacceptable losses.
Market risk	The risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market risk drivers including interest rates, market prices of assets and liabilities.
Counterparty risk, including credit risk	The risk to earnings and capital arising from a debtor's failure to meet their legal and contractual obligations.
Operational risk and conflicts of interest risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or external events, or from situations where personal interests, relationships or obligations influence, or may be perceived to influence, a person's ability to act in the best interests of Tradex, its customers, or other stakeholders.

The most material risks that Tradex is exposed to are premium risk and reserve risk.

A detailed description of each risk type can be found on pages 31 to 35.

## Section 172(1) statement and stakeholder engagement

The Board of Tradex considers that it has, in good faith, acted in a way that it considers would be most likely to promote the success of Tradex for the benefit of its members as a whole, and, in doing so, has had regard to and recognised the importance of considering all stakeholders and other matters (as set out in s.172 (1) (a-f) of the Act) when making decisions.

### Overview

Good corporate governance underpins how we conduct ourselves as a Board; our culture, values, behaviours and how we do business. As a Board, we are conscious of the impacts that our business and decisions have on our direct stakeholders as well as our wider societal impact.

The Board of Tradex is aware of its duties under the Companies Act, including the matters set out in s.172 and has adopted a framework of matters reserved for its decision. It has also approved terms of reference for matters delegated to its committees and reviews these periodically to ensure they accord with best practice.

For any principal decisions approved by the Board, a discussion takes place around impact on our key stakeholders, including our colleagues and our customers. The relevance of each stakeholder group may vary by reference to the issue in question, so the Board seeks to understand the needs of each stakeholder group and any potential conflicts as part of its decision-making.

### Board Decisions

The table below sets out examples of our key stakeholders, our approach to engaging with them, and how they are taken into regard in Board considerations.

Key stakeholders	Board matter	Board considerations
<p><b>Shareholder</b></p> <p>Our Board maintains open and regular dialogue with its parent. This includes, for example, regular discussion between the Tradex Management team and the Saturn Board and Board Committees in order to understand the concerns and priorities of the parent entity.</p>	<p>Performance and risks</p>	<p>In all discussions the Board regularly considers if and how it is acting in the best interest of its parent, whilst ensuring that any actions:</p> <ul style="list-style-type: none"> <li>do/will not breach any regulatory requirements applicable to Tradex or the Board;</li> <li>do/will not have any adverse effect on the security of Tradex's policyholder benefits; and</li> <li>comply with any legislation applicable to Tradex.</li> </ul> <p>The Saturn Board receives performance updates on Tradex, which includes the Tradex Management team attending appropriate Saturn Board Committees.</p> <p>During the year the Tradex Board engaged with its parent company and their shareholders and issued £37.5m of additional share capital to Saturn.</p>
<p><b>Customers</b></p> <p>Protecting our customers and providing a good customer experience remains at the heart of what we do.</p>	<p>Consumer Duty</p>	<p>The Company designs products to meet target customer needs and assesses the effectiveness of these products and the services to meet these needs. This is done in a way to ensure compliance with Consumer Duty and other regulatory requirements. The Board and the Consumer Duty Champion provide independent challenge and oversight of product governance, and customer outcomes. Tradex has worked closely with the regulators throughout the period.</p> <p>The Company's Chief Customer Officer oversees Consumer Duty and product governance.</p> <p>Tradex proactively monitors customer complaints and has a customer focused culture to ensure fair outcomes for all. For example, there is a standing agenda item for the Board Risk Committee on Customer Outcomes.</p> <p>The Company ensures all complaints are handled efficiently and effectively and in accordance with the Treating Customers Fairly (TCF) regulatory Principle for Business, the Dispute Resolution Rules (DISP) as set down by the Financial Conduct Authority (FCA) and those applied by the Financial Ombudsman Service (FOS). Complaints are seen as an opportunity to improve the customer journey.</p>

**Section 172(1) statement and stakeholder engagement (continued)**

Key stakeholders	Board matter	Board considerations
<p><b>Colleagues</b></p> <p>The Board recognise the importance of engaging our colleagues, ensuring their views are considered when making decisions and supporting their wellbeing.</p>	<p>Colleague reward</p>	<p>The Board and Remuneration Committee were engaged and considered in the approach to colleague engagement including:</p> <ul style="list-style-type: none"> <li>• the growth in the business which has resulted in changes in opportunities and responsibilities for colleagues employed by Tradex and across the wider Saturn group and a need to support colleagues throughout the transition;</li> <li>• a defined people plan and processes inclusive of any key person risk as well as the need to attract and retain key talent with regular updates on people metrics; and</li> <li>• regular communication with all colleagues to provide business updates along with the opportunity for Q&amp;A with senior leadership.</li> </ul>
<p><b>Regulator</b></p> <p>As a regulated entity, Tradex has to comply with the requirements of the PRA and the FCA and to report to them on a regular basis.</p>	<p>Regulation and compliance</p>	<p>In addition to the standard regulatory reporting requirements, the Board engaged with the regulators on the following matters:</p> <ul style="list-style-type: none"> <li>• with the PRA regarding the transition of Tradex from a limited company to a plc in 2024;</li> <li>• with the FCA regarding the ongoing regulatory review;</li> <li>• with the FCA in relation to the GI Values reporting;</li> <li>• with the FCA in relation to its handling of Home insurance claims.</li> </ul>

By Order of the Board



Mark Summerfield

Director

8 April 2026

## Directors' report

### Report of the Board of Directors

#### General information

Tradex is a Public Limited Company registered in England and Wales under the Companies Act 2006 (registered number 02983873). Tradex is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (FRN 202917).

#### Other matters

On 20 December 2025, the Company's parent company, Saturn, signed an agreement to acquire MISL, subject to regulatory approval. MISL is a Managing General Agent which also provides insurance services and has acted as an outsourced service provider to Tradex since Tradex was acquired by Saturn. The acquisition of MISL by Saturn will bring the currently outsourced operations under the control of Saturn and support the delivery of the business strategy of the Saturn Group.

Subsequent to the acquisition of Tradex by Saturn in 2023, the Tradex Board commissioned an internal review of the implementation of certain regulatory requirements which identified areas for remediation. An external regulatory review was also undertaken and recommendations made. Tradex established a programme of work to deliver against all the review's recommendations and will complete that work in H1 2026. There has been no material impact to the current period financial statements, and whilst there is some remaining uncertainty inherent in such situations, the directors do not consider that completion of the programme of work will have a material impact on the Company's financial position.

#### Post balance sheet events

Since the end of 2025, geopolitical instability has increased, particularly in the Middle East and, whilst Tradex only operates in the UK, this can have an impact on supply chains and investment markets. The Company's management is closely monitoring the situation for any indirect exposure or other impact. At the current date there are no significant changes to the Company's principal risks and uncertainties or its solvency coverage.

#### Results and dividends

The financial statements set out the results of Tradex for the year ended 31 December 2025 and are shown on pages 18 to 21. No dividends were paid during the year (2024: £nil).

#### Political donations

There were no political donations during the year or prior year.

#### Directors' details

The Directors who served the Company during the year were as follows:

##### Non-Executive Directors:

S M Ludlow (Chair)

N A Southworth

A A Johnston

E H Gilmour (resigned 31 December 2025)

S R Vann (appointed 29 January 2026)

##### Executive Directors:

M A Summerfield

M L Leighton (resigned 25 June 2025)

#### Corporate responsibility and the environment

Tradex is covered by the Saturn, Board-approved, Environmental, Social and Governance (ESG) Policy, which is reviewed on an annual basis.

The Company's direct immediate exposure to climate change risk is limited at present as all policies are written for a maximum period of 12 months and the major future potential detriments, as a result of climate change, would have no material impact on current results. Flood risk, which is becoming more clearly an increased risk as a result of climate change, is monitored closely and taken into account when assessing potential risks before they are written or renewed. The Company is not highly exposed to climate related risks at present.

The Board will continue to monitor the potential impacts of climate change on the business but there are not expected to be any material detriments in the short to medium term planning horizon.

Tradex is not liable for any direct liabilities for power supply as the rent paid by Tradex for its office space is inclusive of such costs, however, an estimate of energy usage for the purposes of Streamlined Energy and Carbon Reporting has been calculated. Tradex estimate that, for 2025, the Company's energy usage was less than 40Mwh for the year and therefore, as a low energy user, no further disclosure is required.

#### Statement of going concern

The Annual Report and Accounts are prepared on a going concern basis and the Directors are satisfied that Tradex has the resources to continue in business for at least the period from the date of approval of the financial statements up to 31 December 2027. In making this assessment, the Directors have performed a detailed analysis of future capital and liquidity.

The going concern assessment performed takes into account that the Company continues as a going concern. Tradex's ability to continue as a going concern has been considered by reference to its projected coverage of regulatory capital requirements, its liquidity and its resilience to withstand foreseeable stress scenarios.

In the central forecast case, solvency projections show the Solvency Capital Requirement (SCR) coverage is set to remain above 140% throughout the forecast period. Liquidity projections assess expected liquid assets (cash, money market funds and UK gilts), which are expected to be in excess of the Board's risk appetite throughout the period of review.

The Directors have then considered the potential impact of various stresses including, but not limited to, adverse claims experience, large loss events and a fall in the market value of assets. In all cases, solvency coverage remains above 100%. In each scenario, Tradex has sufficient liquidity to pay liabilities as they fall due. Even in the event of an extreme stress scenario (such as an inflationary uplift on outstanding claims or the failure of a key reinsurer or outsourcing partner), it is projected that Tradex would likely be able to meet its required payments solely from existing cash holdings and forecast premium income.

The Directors have also considered a reverse stress test, which involves several of the stress scenarios happening concurrently, and is therefore extremely unlikely. In this scenario, the SCR coverage ratio is projected to fall below 100%, however, the coverage ratios would naturally recover over time as premium income and investment returns were received. In addition, in the event of the liquidity or capital position of Tradex falling below prescribed limits, the interest on the perpetual restricted tier 1 notes would be cancelled, and that on the tier 2 subordinated liabilities would be deferred. In this scenario, Tradex's assets continue to exceed its liabilities and it would still hold sufficient liquid investments to be able to meet all of its liabilities as they fall due.

#### Risk management and internal controls

The Board has overall responsibility for Tradex's internal control systems and for monitoring their effectiveness. Implementation and maintenance of the internal control systems are the responsibility of the Board and senior management.

The Board has established a management structure with defined lines of responsibility and clear delegation of authority. The control framework cascades through the business, detailing clear responsibilities for ensuring appropriate controls are in place at an operational level, including controls relating to the financial reporting process. Tradex's approach to Risk Management is set out in further detail on pages 31 to 35.

Tradex's internal control systems are designed to manage, rather than eliminate, the risks of failure to meet business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss. In assessing what constitutes reasonable assurance, the Board has regard to materiality and to the relationship between the cost of, and benefits from, internal control systems.

On behalf of the Board, the Audit Committee regularly reviews the effectiveness of Tradex's internal control systems. Its monitoring covers all material controls. Principally it reviews and challenges, on an ongoing basis, reports from management, the internal audit function and external auditors. This enables it to consider how to manage or mitigate risk in line with Tradex's risk strategy.

Whenever any significant control weaknesses are identified actions are taken, or agreed plans are put in place and tracked by the Board to implementation.

#### Annual Report and Accounts

So far as the Directors are aware, there is no relevant audit information of which Tradex's auditors are unaware, and the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that Tradex's auditors have been made aware of that information.

## Directors' report

### Report of the Board of Directors

#### Statement of Directors' responsibilities in respect of the report of the Board of Directors and the Annual Report and Accounts

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) ('UK GAAP'). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they 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 these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103, Insurance Contracts) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on Tradex's website.

#### Auditors

The Company's auditor is Ernst and Young LLP. The auditor is deemed to have been reappointed in accordance with section 487 of the Companies Act 2006 and will therefore continue in office.

By Order of the Board



Mark Summerfield

Director

8 April 2026

## Opinion

We have audited the financial statements of Tradex Insurance Company plc for the year ended 31 December 2025 which comprise the Income Statement Technical Account and Non-Technical Accounts – General Business, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 33 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice) and Financial Reporting Standard 103 ‘Insurance Contracts’ (FRS 103).

In our opinion, the financial statements:

- give a true and fair view of the Company’s affairs as at 31 December 2025 and of its profit for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) 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 the financial statements in the UK, including the FRC’s Ethical Standard as applied to public interest entities, 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 evaluation of the directors’ assessment of the Company’s ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of management’s going concern assessment process and obtaining management’s assessment which covers the period to 31 December 2027;
- reviewing the solvency and liquidity position of the Company understanding how severe the downside solvency and liquidity scenarios would have to be to result in the elimination of available headroom;
- reviewing the Company’s latest profit forecasts submitted to the regulator, and considering the impact on the Company’s ability to continue operating as a going concern;
- reviewing correspondence with the regulator regarding future growth plans;
- performing enquiries of management and those charged with governance to identify risks or events that may impact the Company’s ability to continue as a going concern. We also reviewed minutes of meetings of the Board and its committees to assess whether there were any other matters discussed that may have an impact on the Company’s ability to continue as a going concern; and
- assessing the appropriateness of the going concern disclosures by comparing them for consistency with management’s assessment and for compliance with the relevant reporting requirements.

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 to 31 December 2027.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company’s ability to continue as a going concern.

## Overview of our audit approach

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Key audit matters	Inappropriate setting of claims outstanding (specifically IBNR)
Materiality	Overall materiality of £6.1m (2024: £6.1m) which represents 1% (2024: 1%) of Gross Written Premiums

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## An overview of the scope of our audit

### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

### Climate change

Stakeholders are increasingly interested in how climate change will impact Tradex Insurance Company plc. The Company has determined that Climate change risk is limited as all policies are written for a maximum period of 12 months and the major future risks from climate change do not currently pose a material risk to the Company. This is explained on pages 5 and 10 in the strategic report that forms part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Company's business and any consequential material impact on its financial statements.

The Company has explained in Basis of preparation how they have reflected the impact of climate change in their financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition risks and the resulting conclusion that there was no material impact from climate change, and the adequacy of the Company's disclosures in the financial statements (pages 5, 10, 22 and 34) which explain the rationale.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

### 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 period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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 our opinion thereon, and we do not provide a separate opinion on these matters.

**Key audit matters (continued)**

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Inappropriate setting of claims outstanding (specifically IBNR) (£94.8m, 2024: £123.4m- both on a gross of reinsurance basis)</p> <p>Refer to the Accounting policies (page 23); and note 26 of the Financial Statements (page 45).</p> <p>IBNR reserves are inherently uncertain and subjective by nature and therefore more susceptible to fraud or error than most other financial statement balances. There is a risk that inappropriate reserve projections are made, whether from the use of inaccurate underlying data, invalid or inappropriate statistical modelling techniques, or the use of unreasonable assumptions.</p> <p>Significant new business has been underwritten over the last 2.5 years, for which the Company has limited claims experience upon which to base actuarial assumptions, and may therefore be reliant on benchmark data.</p> <p>This could lead to reserves falling outside a reasonable range of possible estimates and a misstatement in the financial statements. These balances, by nature, are also subject to a risk of manipulation and given the magnitude of the balance, a small manipulation of an assumption could have a great impact on the result for the year.</p> <p>Financial statement risks principally arise from:</p> <ul style="list-style-type: none"> <li>• The quality and timeliness of source data (premiums, claims paid and claims outstanding) used to populate the actuarial triangles underlying the IBNR estimates;</li> <li>• Sensitivity of assumptions made by Management for the purpose of applying the adopted reserving methodology;</li> <li>• Limitations of models and modelling techniques used for the preparation of the actuarial best estimates; and</li> <li>• Uncertainties around IBNR reserves due to elevated economic inflation which may drive future loss cost increases.</li> </ul>	<p>Our audit of the claims outstanding and management's key judgements was supported by our EY actuaries, as part of the audit team, and included the following:</p> <p>We updated our understanding of the reserving process employed by Management, paying particular attention to the setting of IBNR, and assessed the design and implementation of key controls within that process;</p> <p>We evaluated management's methodology against market practice and assessed management assumptions and their consideration of major sensitivities, based on our market knowledge and industry data;</p> <p>Using management's data, we independently re-projected the gross motor and home IBNR for significant classes of business based on our risk assessment. For certain classes our projections used market benchmark data given the limited development history;</p> <p>In doing our independent analysis, we considered a variety of actuarial claims projections techniques to identify if they showed contradictory conclusions;</p> <p>We assessed the appropriateness of the net discount rate used to discount the gross Period Payment Orders (PPOs) claims outstanding balance having regard to the inflation and investment return assumptions.</p> <p>We challenged the level of margin held compared to market practice, prior periods and in the context of the areas of uncertainty for which the margin is held;</p> <p>We validated the completeness and accuracy of data used in reserving processes and checked consistency with other policyholder data used in the financial reporting processes; and</p> <p>We considered the adequacy of the disclosures in respect of the valuation sensitivities and key assumptions applied.</p>	<p>We consider that the claims outstanding (specifically IBNR), lie within what we consider to be a reasonable range of estimates.</p> <p>In addition, we consider that the disclosures made provide information that assists in understanding the uncertainty inherent in the estimation of claims outstanding.</p>

## Our application of materiality

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.

## Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Company to be £6.1million (2024: £6.1million), which is approximately 1% (2024: 1%) of Gross Written Premiums. We believe that Gross Written Premiums provides us with the appropriate basis that enables us to identify misstatements that may influence the users of the financial statements, as Gross Written Premiums is the UK GAAP measure that is also one of the Key Performance Indicators of the Company.

## Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% (2024: 50%) of our planning materiality, namely £3.1m (2024: £3.0m). We have set performance materiality at this percentage due to our assessment of the risk of misstatement and our expectation of the quantum and magnitude of uncorrected misstatements.

## Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.3m (2024: £0.3m), which is set at 5% of planning 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.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that related to the financial reporting framework (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts" and the Companies Act 2006), the licence conditions and supervisory requirements of the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) and the relevant direct and indirect tax compliance legislation in the United Kingdom.
- We understood how Tradex Insurance Company plc is complying with those frameworks by making inquiries of management, internal audit and those responsible for legal and compliance matters. In assessing the effectiveness of the control environment, we reviewed minutes of Board and other Committee meetings, reviewed correspondences between the Company and UK regulatory bodies and gained an understanding of the Company's approach to governance, demonstrated by the Board's approval of the Company's governance framework and Board's review of the Company's risk management framework and internal control processes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, performance targets, economic or external pressures and the impact these have on the control environment. The fraud risk, including management override, was considered to be higher in respect of the estimation of claims outstanding (specifically IBNR), and we performed audit procedures to address the risk as detailed in the key audit matter above and our communication to the Audit Committee.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
  - Making enquiries of those charged with governance and senior management to ascertain their awareness of any actual or suspected non-compliance with relevant laws and regulations;
  - Identifying the policies and procedures established by those charged with governance to prevent, detect and monitor non-compliance by officers and employees;
  - Reviewing correspondence with regulators and formal minutes of the Board and relevant sub-committees to determine whether any instances of non-compliance with laws and regulations.
- For instances of actual or suspected non-compliance with laws and regulations, we performed procedures such as inquiries and review of regulatory correspondence, and where appropriate, we involved specialists from our firm to support the audit team.
- The Company operates in the insurance industry which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and competence of the engagement team to ensure that the team had appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the Company on 25 October 2023 to audit the financial statements for the year ended 31 December 2023 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 3 years, covering the years ending 31 December 2023 to 31 December 2025.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit
- The audit opinion is consistent with the additional report to the audit committee.

## Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Signed by:

*Vinood Ramabhai*

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Vinood Ramabhai (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

8 April 2026

## Income Statement

For the year ended 31 December 2025

All amounts are stated in £m unless otherwise indicated

	Notes	2025	2024
<b>Technical account – general business</b>			
<b>Earned premiums, net of reinsurance</b>			
Gross premiums written	8	609.6	617.1
Outward reinsurance premiums	8	(358.3)	(384.1)
Net written premiums		251.3	233.0
Change in the provision for unearned premiums			
- gross amount	8	49.0	(180.1)
- reinsurers' share	8	(35.0)	124.5
<b>Earned premiums, net of reinsurance</b>		<b>265.3</b>	<b>177.4</b>
<b>Total technical income</b>		<b>265.3</b>	<b>177.4</b>
<b>Claims incurred, net of reinsurance</b>			
Claims paid			
- gross amount	9	(335.8)	(174.7)
- reinsurers' share	9	170.6	92.2
		(165.2)	(82.5)
Change in the provision for claims			
- gross amount	26	(132.4)	(179.2)
- reinsurers' share	26	51.9	110.5
<b>Claims incurred, net of reinsurance</b>		<b>(245.7)</b>	<b>(151.2)</b>
Net operating expenses	10	(20.5)	(16.2)
<b>Total claims and expenses</b>		<b>(266.2)</b>	<b>(167.4)</b>
<b>Balance on the technical account for general business</b>		<b>(0.9)</b>	<b>10.0</b>
<b>Non-technical account</b>			
<b>Balance on the general business technical account</b>		<b>(0.9)</b>	<b>10.0</b>
Investment income	11	14.5	5.6
Net unrealised gains on investments	11	3.3	1.0
Investment expenses and charges	12	(5.3)	(3.3)
<b>Profit on ordinary activities before tax</b>		<b>11.6</b>	<b>13.3</b>
Tax on profit on ordinary activities	13	(1.9)	7.6
<b>Profit for the financial year attributable to members of the Company</b>		<b>9.7</b>	<b>20.9</b>

## Statement of Comprehensive Income

For the year ended 31 December 2025

All amounts are stated in £m unless otherwise indicated

	Notes	2025	2024
<b>Profit and total comprehensive income for the financial year</b>		<b>9.7</b>	<b>20.9</b>

# Statement of Financial Position

For the year ended 31 December 2025

All amounts are stated in £m unless otherwise indicated

	Notes	2025	2024
<b>Assets</b>			
<b>Investments</b>			
Financial investments	14	<b>328.7</b>	159.2
		<b>328.7</b>	159.2
<b>Reinsurers' share of technical provisions</b>			
Provision for unearned premiums	25	<b>157.7</b>	192.7
Claims outstanding	26	<b>315.8</b>	263.9
		<b>473.5</b>	456.6
<b>Debtors</b>			
Debtors arising out of direct insurance operations - intermediaries	15	<b>254.9</b>	244.3
Debtors arising out of reinsurance operations	16	<b>98.4</b>	49.6
Deferred corporation tax	17	<b>8.4</b>	9.3
Corporation tax debtor	17	<b>5.9</b>	2.1
Other debtors	18	<b>7.8</b>	5.0
		<b>375.4</b>	310.3
<b>Other assets</b>			
Tangible assets	19	<b>0.7</b>	1.2
Cash at bank and in hand	20	<b>122.8</b>	182.6
		<b>123.5</b>	183.8
<b>Prepayments and accrued income</b>			
Accrued interest		<b>2.3</b>	0.4
Deferred acquisition costs	21	<b>24.2</b>	31.4
Other prepayments and accrued income		<b>8.0</b>	6.7
		<b>34.5</b>	38.5
<b>Total assets</b>		<b>1,335.6</b>	1,148.4

# Statement of Financial Position

For the year ended 31 December 2025

All amounts are stated in £m unless otherwise indicated

	Notes	2025	2024
<b>Equity and Liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	22	12.1	12.1
Share premium	22	154.3	116.8
Retained earnings	23	(4.2)	(9.9)
Perpetual restricted tier 1 notes	24	20.0	20.0
<b>Total capital and reserves</b>		<b>182.2</b>	<b>139.0</b>
<b>Subordinated tier 2 notes</b>	24	<b>30.0</b>	<b>30.0</b>
<b>Technical provisions</b>			
Provision for unearned premiums	25	260.0	308.9
Claims outstanding	26	583.0	407.6
		<b>843.0</b>	<b>716.5</b>
<b>Creditors</b>			
Creditors arising out of direct insurance operations		12.7	19.7
Creditors arising out of reinsurance operations		189.1	151.9
Other creditors including taxation and social security	27	30.1	34.9
		<b>231.9</b>	<b>206.5</b>
<b>Accruals and deferred income</b>			
Accrued expenses and deferred income		5.6	4.6
Reinsurers' share of deferred acquisition costs	21	42.9	51.8
		<b>48.5</b>	<b>56.4</b>
<b>Total liabilities</b>		<b>1,153.4</b>	<b>1,009.4</b>
<b>Total equity and liabilities</b>		<b>1,335.6</b>	<b>1,148.4</b>

Approved by the Board of Directors on 8 April 2026 and signed on its behalf by:



Mark Summerfield, Director



Sharon Ludlow, Director

## Statement of Changes in Equity

For the year ended 31 December 2025

All amounts are stated in £m unless otherwise indicated

	Notes	Called up share capital	Share premium	Perpetual restricted tier 1 notes	Retained earnings	Total
<b>2025</b>						
Balance at the beginning of the financial year		12.1	116.8	20.0	(9.9)	139.0
Profit and total comprehensive income for the financial year		-	-	-	9.7	9.7
Transactions with owners of the Company:						
Issue of ordinary shares	22	-	37.5	-	-	37.5
Interest on perpetual restricted tier 1 notes		-	-	-	(4.0)	(4.0)
<b>Balance at the end of the financial year</b>		<b>12.1</b>	<b>154.3</b>	<b>20.0</b>	<b>(4.2)</b>	<b>182.2</b>
<b>2024</b>						
Balance at the beginning of the financial year		12.1	66.8	-	(28.8)	50.1
Profit and total comprehensive income for the financial year		-	-	-	20.9	20.9
Transactions with owners of the Company:						
Issue of ordinary shares	22	-	50.0	-	-	50.0
Perpetual restricted tier 1 notes issuance	24	-	-	20.0	-	20.0
Interest on perpetual restricted tier 1 notes		-	-	-	(2.0)	(2.0)
<b>Balance at the end of the financial year</b>		<b>12.1</b>	<b>116.8</b>	<b>20.0</b>	<b>(9.9)</b>	<b>139.0</b>

# Notes to the annual report and accounts

All amounts are stated in £m unless otherwise indicated

## 1. General information

Tradex Insurance Company plc is a public limited company and is incorporated in England. The address of its registered office is McLaren House, 100 Kings Road, Brentwood, England, CM14 4EA.

The Company's principal activity is as a UK-based general insurer that underwrites a diverse mix of consumer and business lines insurance, predominantly in the motor and home categories. Its policies are distributed by brokers, the largest of which is MISL, the leading UK broker of motor and home insurance, which combines a wide market reach with industry leading data, analytics, and technology platforms. Motor lines comprise a large proportion of the portfolio mix, with substantial consumer car, motor trade, and taxi accounts, along with other mainly motorcycle and commercial van lines of business.

## 2. Basis of preparation and statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards ('UK GAAP'), including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ('FRS 102'), Financial Reporting Standard 103, "Insurance Contracts" ('FRS 103'), the Companies Act 2006 and the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance companies.

As permitted by FRS 103, the Company continues to apply the existing accounting policies that were applied prior to this standard, for its insurance contracts.

The Company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the Company's cash flows are included in the consolidated statement of cash flows presented in the publicly available group annual report and accounts of its parent company, Saturn Holdings plc.

The financial information has been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value.

The preparation of the annual report and accounts requires the use of certain critical accounting estimates and judgments. Information about key judgements, assumptions and other sources of estimation uncertainty is disclosed in note 4, where these have a significant impact on the annual report and accounts.

Following the 2024 Periodic Review, amendments were made to FRS 102 which are effective from 1 January 2026. The principal changes include enhanced recognition for leases, and the introduction of a five-step model for revenue recognition. The changes to FRS 102 are being reviewed to consider the impact on the report and accounts; the Company will assess leases held to determine whether they fit exemption criteria or if recognition of a right-of-use asset and lease liability is required on an individual basis. Changes to revenue recognition will be considered in regard to non-technical income, which is in scope of FRS 103.

### Impact of climate change

In preparing these financial statements the Directors have considered the impact of the physical and transition risks of climate change and identified this as an area of focus, as set out on page 5, but have concluded that it does not have a material impact on the recognition and measurement of the assets and liabilities in these financial statements as at 31 December 2025.

The financial investments are reported at fair value under UK GAAP and therefore, as set out in note 32, utilise market prices at the period end where these are available. These market prices will include the current expectations of the impact of climate change on the financial investments. For financial investments valued using alternative valuation techniques, there is considered to be a low risk of significant exposure to climate change due to the nature and duration of these investments.

Insurance liabilities are accrued based on past insurable events so will not be affected by any future impact of climate change.

The Directors recognise that legislation and reporting requirements surrounding climate change risk continue to develop and the future impact of any changes cannot be fully predicted. Future valuations of assets may therefore differ as the market responds to these potential changes as well as to extreme weather events caused by climate change.

### Going concern

The Annual Report and Accounts are prepared on a going concern basis and the Directors are satisfied that Tradex has the resources to continue in business for at least the period from the date of approval of the financial statements up to 31 December 2027. In making this assessment, the Directors have performed a detailed analysis of future capital and liquidity.

The going concern assessment performed takes into account that the Company continues as a going concern. Tradex's ability to continue as a going concern has been considered by reference to its projected coverage of regulatory capital requirements, its liquidity and its resilience to withstand foreseeable stress scenarios.

In the central forecast case, solvency projections show the Solvency Capital Requirement (SCR) coverage is set to remain above 140% throughout the forecast period. Liquidity projections assess expected liquid assets (cash, money market funds and UK gilts), which are expected to be in excess of the Board's risk appetite throughout the period of review.

The Directors have then considered the potential impact of various stresses including, but not limited to, adverse claims experience, large loss events and a fall in the market value of assets. In all cases, solvency coverage remains above 100%. In each scenario, Tradex has sufficient liquidity to pay liabilities as they fall due. Even in the event of an extreme stress scenario (such as an inflationary uplift on outstanding claims or the failure of a key reinsurer or outsourcing partner), it is projected that Tradex would likely be able to meet its required payments solely from existing cash holdings and forecast premium income.

## 2. Basis of preparation and statement of compliance (continued)

### Going concern (continued)

The Directors have also considered a reverse stress test, which involves several of the stress scenarios happening concurrently, and is therefore extremely unlikely. In this scenario, the SCR coverage ratio is projected to fall below 100%, however, the coverage ratios would naturally recover over time as premium income and investment returns were received. In addition, in the event of the liquidity or capital position of Tradex falling below prescribed limits, the interest on the perpetual restricted tier 1 notes would be cancelled, and that on the tier 2 subordinated liabilities would be deferred. In this scenario, Tradex's assets continue to exceed its liabilities and it would still hold sufficient liquid investments to be able to meet all of its liabilities as they fall due.

### Functional and presentational currency

The functional and presentational currency for the Company is pounds sterling. All amounts presented are in pounds sterling, rounded to the nearest 0.1 million pounds, unless stated otherwise.

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in this annual report and accounts.

### a) Revenue recognition

#### *i) Premium income from insurance contracts*

The Company's accounting policy in respect of revenue arising from insurance contracts is set out within the insurance specific accounting policy note 3 b) ii).

#### *ii) Investment return*

Investment return comprises all investment income, including realised investment gains and losses and movements in unrealised gains and losses.

Investment income derived from assets held at fair value includes dividends and interest income. Dividends are recorded on the date on which the right to receive the payment is established. For listed equities this is when they are declared ex-dividend. For unlisted equities, a final dividend is recognised once declared by the directors and an interim dividend only when received. Interest income is recognised on an accruals basis.

Realised gains and losses on investments held at fair value are calculated as the difference between net sales proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and the valuation at the last balance sheet date or their purchase price for those acquired during the period, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

For assets held at amortised cost interest income is recognised using the effective interest rate (EIR) method. The EIR basis spreads the interest income over the expected life of the instrument. The EIR is the rate that, at inception of the instrument, exactly discounts expected future cash payments and receipts through the expected life of the instrument back to the initial carrying amount.

#### *iii) Commission income and profit commission due under reinsurance arrangements*

Reinsurance commission, netted off within the net operating expenses in the Technical Account, represents commission income relating to the ceding of policies. Minimum commission income, as set out in the reinsurance contract, is initially recognised when the underlying policies are written. Where there are variable commission arrangements in place, adjustments to the minimum commission amount are accrued based on loss ratios in accordance with the terms of the reinsurance contract. The commission income is recognised in the same accounting period as the related direct business being reinsured.

Profit commission due under reinsurance arrangements is recognised in the income statement in line with the associated premiums ceded and ceded incurred claim costs, in accordance with the contractual terms of the relevant reinsurance contract.

### b) Insurance contracts

#### *i) Classification of insurance contracts*

Contracts under which the Company accepts significant insurance risk from another party (the policyholder), by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary, are classified as insurance contracts. A contract that qualifies as insurance remains an insurance contract until all the risks and obligations are extinguished or expire.

All contracts of general insurance business written by the Company are classified as insurance contracts. General insurance business is accounted for on an annual basis.

## Notes to the annual report and accounts

All amounts are stated in £m unless otherwise indicated

### 3. Significant accounting policies (continued)

#### b) Insurance contracts (continued)

##### ii) Recognition of premium income

Gross written premiums comprise the total premiums receivable on those contracts which inceptioned during the financial year, irrespective of whether the period of cover relates in whole or in part to a later accounting period, together with any adjustments in the accounting period relating to premium receivable in respect of business written in prior periods.

Gross written premiums:

- are stated gross of commission and exclude any taxes or levies based on premiums;
- include an estimate for cancellations for those contracts which inceptioned prior to the year-end but which may be cancelled after the statement of financial position date.

Gross written premium (whether paid in advance or by instalments) is earned evenly over the period of the contract.

##### iii) Unearned premium provision

The proportion of written premiums, including where relevant those of prior accounting periods, attributable to the risks borne during the year is accounted for as earned premium. The proportion of written premiums relating to periods of risk beyond the year end is carried forward to future accounting periods as the unearned premium provision. The relevant proportions are calculated using the daily 365th pro rata basis. Unearned premiums are deferred for a maximum of one year, being the standard duration for the policies issued.

Outward reinsurance premiums are treated as earned in accordance with the profile of the related direct contracts being reinsured.

##### iv) Acquisition costs

Costs directly attributable to the acquisition of new business, including commission, are capitalised and amortised in accordance with the rate at which the premiums associated with the underlying contract are earned. The reinsurers' share of deferred acquisition costs mirrors the treatment of the deferred acquisition costs of the contracts to which the reinsurance relates.

##### v) Claims incurred

Insurance claims incurred comprises claims paid during the year, together with related claims handling costs and the change in the gross liability for claims in the period, net of related recoveries including salvage and subrogation.

##### vi) Claims provisions and related reinsurance recoveries

Claims outstanding comprises provisions representing the estimated ultimate cost of settling:

- estimates on claims reported by the statement of financial position date (claims reported), assessed on an individual basis; and
- expected additional cost in excess of claims reported for all claims occurring by the statement of financial position date (claims incurred but not reported), assessed on a statistical basis based upon the history of past claims development patterns taking into account current expectations and developments.

The provision for outstanding claims is based upon realistic assumptions in the light of all relevant currently available information. Aggregate claims provisions, which include attributable claims handling expenses as well as a management margin above actuarial best estimate, are set at a level such that no adverse run off deviations are expected.

Outstanding reserves are discounted in respect of periodical payment orders. All other claims provisions are undiscounted. Estimates of salvage and subrogation recoveries are included separately within 'debtors arising out of direct insurance operations'.

##### vii) Reinsurance

Contracts with reinsurers that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts. Amounts recoverable under such contracts are recognised in the same period as the related claim. Premiums, claims and receivables are presented on a gross basis in the income statement and statement of financial position.

The reinsurers' share of claims incurred, in the profit and loss account, reflects the amounts received or receivable from reinsurers in respect of those claims incurred during the period. The amounts that will be recoverable from reinsurers are estimated based upon the gross provisions. Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the Company's reinsurance programme over time.

Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date. If objective evidence of impairment exists, reinsurance assets are reduced to their recoverable amount and an impairment loss is recognised in the income statement.

On commutation of reinsurance contracts, the reinsurer is discharged from all obligations relating to the contract. Reinsurance assets and liabilities relating to the commuted contracts are settled in the period in which the commutation agreement is signed.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. The Company held £180.7m as funds withheld on the balance sheet as at 31 December 2025 (2024: £138.1m). These amounts are reflected within 'Creditors arising out of reinsurance operations'.

### 3. Significant accounting policies (continued)

#### b) Insurance contracts (continued)

##### viii) Quota share

A quota share reinsurance contract transfers insurance risk on a proportional basis. The income statement is shown net of premiums ceded, claims recoverable and commission earned under these arrangements.

Premiums ceded under these arrangements may be held in a notional funds withheld account, against which claims paid recoveries, earned commission and margin paid, are deducted. These amounts are reflected within 'Creditors arising out of reinsurance operations'.

##### ix) Coinsurance

Coinsurance contracts are contracts entered into by the Company with other insurers, where the Company shares the risks for losses on insurance policies issued by the Company. The coinsurance operations are administered in the same way, but the Company includes only its own proportion of the amounts arising out of coinsurance operations in the financial statements.

##### x) Unexpired risks provision

Additional provision is made for unexpired risks where the claims and expenses likely to arise after the end of the financial year in respect of contracts concluded before that date, are expected to exceed the unearned premiums less deferred acquisition costs carried forward for those contracts.

An unexpired risks provision is calculated for each category of business. Where categories of business are managed together a combined calculation is performed. Surpluses and deficits within each category are offset within the calculation. The provision is determined after taking account of future investment return arising on investments supporting the unearned premium provision and unexpired risk provision.

Such provisions seek to ensure that the carrying amount of unearned premiums provision less related deferred acquisition costs is sufficient to cover the current estimated future cash flows, including claims handling expenses, and therefore meets the requirements of the liability adequacy test as set out in FRS 103 (Insurance Contracts). There is no provision at the end of the current year or the prior year for unexpired risks.

#### c) Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 to all its financial instruments.

##### i) Recognition of financial assets and financial liabilities

Financial investments are recognised by the Company on the trade date, which is the date it commits to purchase the instruments. All other financial instruments are recognised on the date that the Company becomes a party to the contractual provisions of the instrument.

##### ii) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when they are sold and:

- the rights to receive cash flows from the assets have ceased; or
- the Company has transferred substantially all the risks and rewards of ownership of the assets.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing liability is replaced by the same counterparty on substantially different terms or the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability is recognised, with any difference in carrying amounts recognised in the income statement.

##### iii) Basic financial instruments

The following instruments have been identified as 'basic financial instruments' in accordance with Section 11 of FRS 102.

###### Debt securities

Initial measurement of the Company's holdings in debt securities is at fair value, being purchase price on the date on which the Company commits to purchase. Directly attributable transaction costs are expensed immediately on recognition. They are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management and investment strategy, and information is provided internally to key management personnel on that basis. Consequently, subsequent valuation is at fair value with changes in fair value being recognised within the income statement in the period in which they arise.

###### Equities

Equities are initially measured at fair value, being purchase price on the date on which the Company commits to purchase. Directly attributable transaction costs are expensed immediately on recognition. Subsequent valuation is at fair value with changes in fair value being recognised within the income statement in the period in which they arise.

###### Debtors

Debtors are initially measured at fair value plus transaction costs that are directly attributable to the financial asset. Subsequently, they are measured at amortised cost. The amortised cost is the initial amount at recognition less principal repayments and less impairment provisions for incurred losses. Debtors are not discounted as they have no stated interest rate and are expected to be received within one year.

### 3. Significant accounting policies (continued)

#### c) Financial instruments (continued)

##### iii) Basic financial instruments (continued)

###### *Cash at bank and in hand*

Cash at bank and in hand is initially measured at transaction price and is subsequently measured at amortised cost using the effective interest rate. Money market funds are measured at fair value, with changes in fair value being recognised within the income statement in the period in which they arise.

###### *Financial liabilities*

Financial liabilities are contractual obligations to deliver cash or other financial assets.

Borrowings are primarily perpetual restricted tier 1 notes and subordinated tier 2 notes and are initially recognised at fair value, which equates to issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period to the earliest possible redemption date using the effective interest rate method.

Other financial liabilities are initially recognised at fair value, net of directly attributable transaction costs and are subsequently measured at amortised cost.

##### iv) Other financial instruments

The Company holds investments in asset-estate backed lending, collective investment undertakings and derivatives which are classified as 'other financial investments' in accordance with Section 12 of FRS 102. These assets are valued initially at fair value, being purchase price on the date on which the Company commits to purchase. Directly attributable transaction costs are expensed immediately on recognition. Subsequent valuation is at fair value with changes in fair value being recognised within the income statement in the period in which they arise.

##### v) Fair value measurement

Fair value for quoted investments in an active market is the bid price, which management believe is representative of fair value. If the market for a quoted financial investment is not active or the investment is unquoted the fair value is determined using valuation techniques. For these investments, the fair value is established using quotations from independent third parties, such as brokers or pricing services, or by using alternative valuation techniques. Priority is given to publicly available prices from independent sources, when available, but overall, the source of pricing and/or valuation technique is chosen with the objective of arriving at a fair value measurement which reflects the price at which an orderly transaction would take place between market participants on the measurement date. Alternative valuation techniques include the use of recent arm's length transactions, reference to the current fair value of other instruments that are substantially the same and discounted cash flow analysis.

Managers may use the following valuation techniques to calculate the fair value of credit assets, which form the majority of Tradex's unquoted investments:

- Contractual cashflows from the credit asset are projected forwards to their expected payment date;
- The probability of default, loss given default and exposure at default are used to project expected credit losses; and
- The cash flows, net of expected credit losses, discounted back to their present value using the appropriate market discount rate at the reporting date.

The discount rate can depend on the following factors:

- Risk free interest rates and other similar benchmark interest rates;
- Prevailing credit spreads for the given type of asset;
- Currency; and
- Duration

The selection of discount rate needs to be considered carefully because some of the above items are easily observable (e.g. the risk free rate) and others are unobservable (e.g. prevailing credit spreads). In some case the observable and unobservable factors are inversely correlated so as one increases the other reduces. Managers may generally calculate the implied discount rate at initial recognition and make adjustment to this for known changes at the reporting date. A Valuation Committee at each of the sub-fund managers holding the investments is responsible for approving the appropriate discount rate to use in the fair value calculations and will take into consideration the above requirements along with any changes in reference rates that are deemed material. The valuations are subject to regular independent review.

### 3. Significant accounting policies (continued)

#### c) Financial instruments (continued)

##### vi) *Impairment of financial assets held at cost or amortised cost*

At the statement of financial position date, the Company assesses its financial assets held at cost or amortised cost for objective evidence that an impairment loss has occurred. Only if there is objective evidence is an impairment loss calculated.

The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original or current effective interest rate (if the asset has a variable interest rate). Any impairment losses are recognised immediately through the income statement with a corresponding reduction in the value of the financial asset.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed with the amount of the reversal recognised in the income statement. The reversal shall not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### d) Impairment of non-financial assets

The carrying value of the Company's non-financial assets, excluding deferred tax assets, are reviewed at the date of the statement of financial position to determine whether there is any indication of impairment. Only if there is an indication of an impairment is a full impairment test required. This involves estimating the asset's recoverable amount, being the greater of fair value less costs to sell and value in use (as assessed by reference to discounted future cash flows).

An impairment loss is recognised in the income statement to the extent that the carrying value of an asset exceeds its recoverable amount. An impairment loss recognised in respect of goodwill is never reversed. For other non-financial assets, a loss is reversed if the reasons for the impairment loss have ceased to apply. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed that which would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### e) Cash at bank and in hand

Cash at bank and in hand comprises cash balances and balances which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Money market funds are classified as cash and are deemed to be equivalent to cash on deposit.

#### f) Offsetting

FRS 103 prohibits the offsetting of reinsurance assets against the related insurance liabilities except where required or permitted. Reinsurance assets and liabilities arising under the quota share arrangements, with the same reinsurer, are offset and the net amount reported in the statement of financial position as there is a legally enforceable right to set off the amounts, and there is an intention to settle on a net basis, as set out in the contractual terms of the quota share agreements.

Other financial assets and liabilities are offset, with the net amount reported in the statement of financial position, where there is a legally enforceable right to offset the recognised amounts and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### g) Income tax

Tax in the income statement for the year comprises current and deferred tax, which is recognised in the income statement except to the extent that it relates to items in other comprehensive income, in which case it is recognised in the statement of comprehensive income.

##### i) *Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

When there is uncertainty over the income tax treatment, if it is probable that a particular tax treatment is accepted, the Company determines taxable profit/(taxable loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in the Company's corporation tax filing. If it is not probable that a particular tax treatment is accepted, the Company uses the most likely amount or the expected value of the tax treatment when determining taxable profit/(tax loss), tax bases, unused tax losses, unused tax credits and tax rates, whichever gives better predictions of the resolution of the uncertainty.

##### ii) *Deferred tax*

Deferred tax is provided based on timing differences that arise from the inclusion of income and expenses in tax assessments in different periods from those in which they are recognised in the financial statements.

The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## Notes to the annual report and accounts

All amounts are stated in £m unless otherwise indicated

### 3. Significant accounting policies (continued)

#### h) Tangible assets and depreciation

Tangible assets are stated at cost less depreciation. Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life on a straight-line basis. The expected useful lives of the principal categories of assets are:

Computer equipment and software	3 to 5 years
Leasehold improvements	6 years

#### i) Leases

Where a significant proportion of the risk and rewards of ownership of a leased asset are retained by the lessor, these contracts are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives are recognised in the income statement on a straight-line basis over the lease term. All leases currently held by the Company are considered operating leases and no liability is recognised in the statement of financial position.

#### j) Fee and commission expenses

Fees and commission expenses mainly relates to commission payable to insurance intermediaries that is recognised over the lifetime of the related policy. All other fees and commission expenses are recognised on an accruals basis as the service is provided.

#### k) Pensions

The Company operates defined contribution pension plans which receive fixed contributions from the Company. The Company's legal or constructive obligation for these plans is limited to those contributions. Contributions are recognised as an employee benefit expense when they fall due.

#### l) Share capital and share premium

Ordinary shares are classified as equity. Share premium represents the excess of share issue proceeds over the nominal value of shares issued and is included within equity.

#### m) Dividends to shareholders

Dividends are only recognised in the annual report and accounts by the Company once they have been appropriately authorised.

#### n) Foreign currencies

The Company holds some investments denominated in US Dollars, Euros and Polish Zloty which are translated to the Company's functional currency at the exchange rate at the reporting date. Transactions in foreign currencies are recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Foreign exchange gains and losses resulting from the settlement of transactions and the translation of investments at the financial reporting date are recognised in the non-technical profit and loss account. The Company holds currency hedges to minimise foreign exchange exposure.

#### o) Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constrictive) as a result of a past event and it is probable that: an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The Company is, from time to time, subject to threatened or actual litigation, reinsurance disputes, and/or other legal and/or regulatory disputes, investigations or similar actions. All potentially material matters are assessed, with external advice sought if appropriate. No provisions are currently held in relation to such matters.

## 4. Use of estimates and judgments

The preparation of the annual report and accounts requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### General insurance contracts – assumptions, changes in assumptions and sensitivity

#### i) Basis of assessing liabilities

Tradex uses a combination of recognised actuarial and statistical techniques to assess the ultimate cost of claims. These include:

- projecting historic claims payment and recoveries data;
- projecting numbers of claims;
- deriving average costs per claim to apply to claim numbers; and
- projecting historic claims paid and incurred data (payment plus estimates) – statistical actuarial techniques including chain ladder and Bornhuetter-Ferguson.

Detailed claims data, including individual case estimates, are used to derive patterns in average claims costs and timings between occurrence and estimate/payment of claims. The most common method used is the chain ladder method. This technique involves the analysis of historical claims development trends and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each underwriting or accident quarter, which is not yet fully developed, to produce an estimated ultimate claims cost for each quarter. A degree of judgment is required in selecting the most appropriate development factors.

The chain ladder method can be volatile for relatively undeveloped origin periods so a Bornhuetter-Ferguson method is often used in such cases. This method uses a prior expectation of the ultimate claims and stabilises the projected ultimate by weighting between the prior expected ultimate and that projected based on the assumed development factors.

The work is undertaken and supervised by suitably qualified personnel. Claims provisions are separately computed for each claim type such as bodily injury, accidental damage, storm, flood and subsidence. All provisions are calculated with explicit allowance for reinsurance. Provisions are not discounted for investment return other than periodic payment settlements and any required additional provision for unexpired risks.

Discounted reserves in respect of periodic payment settlements are £54.5m (2024: £52.5m). The impact of the unwinding of the discounting in the year was £1.6m (2024: £1.6m), which is reflected in the increase/(decrease) in provision for outstanding claims.

There is no provision at the end of the year for unexpired risks (2024: £nil).

As outlined within the risk management section, there is significant uncertainty in the assessment of liabilities and provisions are set to be adequate to cover the anticipated eventual cost. A management margin is added to the 'actuarial best estimate', Sensitivity analysis is performed to assist the selection of key parameters and, hence, the provisions adopted. Provisions are subject to detailed review regarding the appropriateness of key assumptions and the quantum of the provisions established. The Board commissioned an independent third party review to ensure the reserves are reasonable.

The overall objective of Tradex's reserving policy is to produce reliable and accurate reserves. Assumptions underlying the reserving calculations are agreed by the Quarterly Reserving Committee (QRC). Methodologies are peer reviewed throughout the calculation process. Provisions are approved and signed off by the Chief Actuary in consultation with the QRC, and any margin above the actuarial best estimate reserve is set by the Chief Financial Officer. The Board has a risk appetite that adopted reserves will include a management margin above the actuarial best estimate. The amount of margin held at any given time is determined by the Chief Financial Officer taking into account current causes of uncertainty in the reserve. The Company's reserves are within this risk appetite.

Quarterly reports are produced by the actuarial team and presented to the Chief Actuary and Chief Financial Officer. These reports form the basis of reporting the performance to the Board.

#### 4. Use of estimates and judgments (continued)

##### General insurance contracts – assumptions, changes in assumptions and sensitivity (continued)

###### ii) Key assumptions

Principal assumptions underlying the claims provisions include:

- The consistency of individual case estimates applied by claims handlers, particularly in respect of large individual motor claims;
- The future development pattern for claims payments and incurred amounts being in line with those observed in the past;
- Allowance for future inflation rates being different to those implied in the claims data; and
- For bodily injury claims, allowance has been made for:
  - i. use of the appropriate Ogden Tables and the current discount rate (+0.5% in England and Wales);
  - ii. awards for general damages in accordance with the 17th edition of the Judicial College Guidelines;
  - iii. a proportion of large claims being settled by periodic payments; and
  - iv. the interest rate used to discount the value of future payments from claims settled by Periodical Payment Orders.

###### Movement in insurance liabilities

The gross insurance provision for claims and claims handling costs of £540.0m (2024: £407.6m), net of salvage and subrogation, includes an increase in reserves of £132.4m (2024: £179.2m). This movement is mainly as a result of the higher levels of business written since 2024 earning into the reserves in 2025.

	<b>2025</b>	2024
<b>Gross</b>		
Motor increase of reserves	<b>127.4</b>	169.0
Liability increase of reserves	<b>1.6</b>	1.7
Premises decrease of reserves	<b>(0.1)</b>	(0.1)
Home increase of reserves	<b>3.5</b>	8.4
Increase in claims handling reserves	<b>-</b>	0.2
	<hr/>	<hr/>
Gross movement in insurance liabilities	<b>132.4</b>	179.2
Movement in reinsurance	<b>(51.9)</b>	(110.5)
	<hr/>	<hr/>
<b>Net movement in insurance liabilities</b>	<b>80.5</b>	68.7

###### Perpetual restricted tier 1 notes

Perpetual restricted tier 1 notes (“RT1 Notes”) are classified as equity as, under the terms of the instrument:

- the Company has no contractual obligations to deliver cash or another financial asset, or to exchange financial assets or financial liabilities;
- the RT1 Notes terms and conditions do not create any contingent settlement provisions;
- the Company has full control over the interest payment and has an unconditional right to cancel interest payments without these being accrued;
- the RT1 Notes are perpetual securities, in respect of which, there is no fixed redemption date; and
- the RT1 Notes are not redeemable at the option of the note holders at any time.

The RT1 Notes are recognised at the fair value of the cash or other resources received or receivable, net of transaction costs. No transaction costs were incurred on the issue of the RT1 Notes.

###### Subordinated tier 2 notes

The subordinated tier 2 notes (“RT2 Notes”) are classified as a liability, as the terms create a contractual obligation on the Company to deliver cash to the noteholders; and the Company does not have an unconditional right to avoid settling in cash or by delivery of another financial asset.

The subordinated debt liabilities are initially recognised at fair value, which equates to issue proceeds net of transaction costs incurred, and subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the debt using the effective interest rate method. No transaction costs were incurred on the issue of the RT2 Notes.

#### 4. Use of estimates and judgments (continued)

##### Fair values of financial assets and liabilities

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the annual report and accounts:

##### Financial investments

The fair value of listed securities is based on market prices provided by independent, external pricing sources at the statement of financial position date without any deduction for transaction costs. The fair value of unlisted securities is calculated using an appropriate methodology based on the information available. Further information on the methods used is disclosed in note 3 c).

Assets which are valued using alternative valuation techniques are those classified as level 3 in note 32. Details of the assumptions made in valuing these investments can be found in note 3 c).

##### Deferred tax assets

In preparing the financial statements, management is required to make judgments regarding the recognition of deferred tax assets. Deferred tax assets are recognisable for deductible temporary differences and tax loss carry forwards to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

The assessment of the recoverability of deferred tax assets includes judgment, particularly in relation to the forecast of future taxable profits. Management considers various factors, including:

- Historical financial performance, including analysis of past profitability and performance compared with forecasts;
- Approved business plans, including evaluation of strategic initiatives and other key considerations that underpin forecast future profits; and
- Tax legislation, including consideration of changes in tax rates which may impact the realisation or valuation of deferred tax assets.

As at the reporting date, the Company's management have determined that it is probable that sufficient taxable profits will be available in the future to utilise the recognised deferred tax assets. However, if future taxable profits are lower than expected, or if there are changes in tax legislation, this could lead to a reduction in the carrying amount of deferred tax assets, which would be recognised in profit or loss.

#### 5. Risk management

The Company's activities expose it to a variety of financial and non-financial risks. This section summarises these risks and the way Tradex manages them.

##### Our approach to risk management

Effective risk management is essential for the achievement of business success and is everyone's responsibility. Customers, shareholders, regulators and other stakeholders expect Tradex to manage risk effectively.

The Saturn Risk Management Framework (RMF) identifies processes, ownership, responsibilities and the oversight required to support effective implementation of risk management across the Group, including Tradex.

The RMF has been built around the 'Three Lines of Defence' model as follows:

- First line: manage risk in day to day operations.
- Second line: provide oversight and challenge.
- Third line (Internal Audit): provide assurance that the RMF is being executed as intended.

Tradex provides first line oversight of all outsourced activities. The second line also provides review and oversight in accordance with Tradex's risk profile.

##### Risk assessment of Tradex

Tradex assesses the principal risks facing the business at least annually and a projection of how these risks are expected to evolve as the risk profile changes is completed as part of the ORSA process. These risks are summarised on page 6.

The RMF requires the Executive Team to attest that they understand the risks and controls in their areas of accountability and support an open risk management culture. In support of the attestation, each Executive is required to undertake a Risk and Control Self-Assessment (RCSA), which identifies the risks to the achievement of their objectives and the controls in place to mitigate these risks, together with an assessment of the effectiveness of the controls (Design and Performance, with appropriate testing of control performance). The RCSA is designed to cover all material controls including financial, operational and compliance controls as well as the minimum requirements set out in Tradex's risk policies.

## 5. Risk management (continued)

### Responsibilities map

Tradex maintains a Responsibilities Map which sets out the accountabilities delegated by the CEO to each member of the Executive Team, which are also reflected within their individual role profiles. These accountabilities include the Senior Managers & Certification Regime (SM&CR) senior management function and prescribed responsibilities which are considered in conjunction with delegated authorities.

### Risk management structure

The Board is responsible for approving the Tradex strategy and the level of acceptable risks articulated through its statements of risk appetite. The Board is also responsible for overall corporate governance, which includes ensuring that there is an adequate system of risk management in place.

To assist the Board in carrying out its functions and to ensure that there are internal controls and risk management, the Board has delegated certain responsibilities to a set of Board committees and the Chief Executive Officer (CEO). The CEO has in turn, delegated elements of these responsibilities to appropriate members of the Executive. To ensure independent oversight the Chief Risk Officer (CRO) also has accountability to the Board Risk Committee (BRC).

All Board committees have Terms of Reference describing the authority delegated to them by the Board, and the Board ensures that each committee is provided with sufficient resources to enable its duties to be undertaken.

### Conduct and regulatory risk

Conduct risk is the risk that Tradex's processes, behaviours, offerings or interactions will result in unfair outcomes or foreseeable harm for customers. Tradex has in place Board approved Customer Outcome metrics which are regularly monitored; outcomes outside of tolerance identify areas where further investigations or actions are required. The Saturn Customer Committee is in place to support this process and to ensure that customers, including vulnerable customers, receive appropriate products, service and fair value, and do not face any foreseeable harm.

Regulatory risk is the risk of regulatory sanctions, regulatory censure, material financial loss or loss to reputation Tradex may suffer as a result of its failure to comply with regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its activities. Tradex's objective is to be compliant with all relevant regulatory requirements and manage its regulatory risks so as to minimise the probability and potential impact of breaches and to remedy promptly and comprehensively the consequences of any that do occur. Tradex seeks to mitigate the risk that it may fail to meet regulatory expectations through regular engagement with regulators, an effective governance framework and a three lines model which helps to ensure the identification and management of relevant requirements and associated risks.

### Insurance risk

Insurance risk comprises the risk of loss resulting from adverse change in the value of insurance liabilities and can relate to both unearned exposure (Premium risks) and earned exposure (Reserve risks).

The nature of insurance contracts is that the obligations of the insurer are uncertain as to the timing or quantum of liabilities arising from contracts. Given the uncertainty in estimating future loss ratios and establishing claims provisions, it is possible that the outcome will prove to be different from the original liability anticipated.

Tradex manages insurance risk concentrations by having underwriting guidelines in place which ensure a suitable mix of exposure geographically and by underwriting class. There were no significant concentrations of insurance risk at the statement of financial position date or at the prior year end date.

#### Insurance risk – premium risk

Premium risk volatility is minimised through proactive pricing and underwriting that can respond quickly to changes in customer risk profiles, claims experience and market considerations.

#### Insurance risk – reserve risk

The overriding objective in claims handling is to ensure all claims are properly scrutinised and paid where they fall within the terms and conditions of the policy. The proper scrutiny of claims is facilitated by the use of various technical aids such as fraud databases and the use of claims specialists. The basis for assessing claims provisions is set out in note 4 (page 29).

The nature of insurance contracts is that the obligations of the insurer are uncertain as to the timing or quantum of liabilities arising from contracts. Tradex takes all reasonable steps to ensure that it has information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established. Tradex manages this risk through the Quarterly Reserving Committee, which supports the CFO in their responsibility to formally review claims reserves on a quarterly basis. Analysis of claims development can be found in note 26 (page 47).

#### Insurance risk – reinsurance

Tradex purchases reinsurance to mitigate insurance risks. The Company has excess of loss cover in place to cover large motor losses (typically where the insured event results in severe personal injury) and catastrophe claims (usually an extreme weather event). In addition, quota share arrangements are in place to cede parts of the portfolio.

## 5. Risk management (continued)

### Insurance risk – sensitivity analysis

Tradex undertakes a range of stress tests relating to insurance risk, including change in Solvency II technical provisions and loss ratios to estimate the impact on financial results and solvency coverage.

Change	2025	2025	2024	2024
	Reduction in profit, equity and net assets	Reduction in Solvency	Reduction in profit, equity and net assets	Reduction in Solvency
Increase in Solvency II technical provisions of 10%	£84.3m	21.3%	£26m	19.5%
Deterioration in loss ratios of 10%	£27m	17.1%	£41m	10.8%

A movement of the same magnitude in the opposite direction would have a similar but opposite impact.

### Market risk

Tradex considers market risk as the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market risk drivers including interest rates, market prices of assets and liabilities.

**Interest Rate** – The risk of exposure to losses resulting from fluctuations in risk-free interest rates. The risk that the fair value or future cashflows of financial assets fluctuate due to changes in market interest rates. Tradex's bond holdings are sensitive to rate movements, which also affect the valuation of insurance liabilities. Duration matching and interest rate hedging are used to mitigate this risk.

**Credit-Spread** – Credit spread risk arises from changes in the credit and liquidity risk-premia on marketable assets held within the Company. This risk is reflected in a reduction in the market value of marketable assets but is only crystallised if the asset is sold. Credit quality thresholds and diversification are used to manage this risk.

**Credit Default** – The risk of financial loss due to issuer or counterparty default, or delay in payments upon bank deposits, bonds or money-market instruments other than those issued by the UK government. This includes direct exposures, and indirect exposures via pooled vehicles. Credit quality thresholds and diversification are used to manage this risk.

**Currency** – The risk of loss due to currency fluctuations affecting assets, liabilities, or cashflows denominated in foreign currencies. Tradex writes contracts of insurance in the United Kingdom and insurance liabilities and borrowings are denominated in sterling. Funds include investments denominated in Euros, US Dollars and Polish Zloty as well as sterling, and consequently there is an exposure to currency risk, which is managed through hedging and exposure limits.

**Other Risks** – Market Risks other than those risks listed above, including risks such as Equity and Property Risks. The risk of losses due to a reduction in value of the assets. Tradex also holds investments in equities and asset-backed lending, including real-estate backed lending. A diversified approach is adopted across asset classes together with restrictions around loan to value.

### Market risk – objective and strategy

During 2025 Aon Investments Limited (Aon) was appointed as the Outsourced Chief Investment Officer (OCIO). For legacy related assets Hundle was instructed to manage the assets on a care and maintenance basis in line with the revised investment management agreement between Tradex and Hundle. Tradex invested assets, managed under the OCIO arrangement, are structured to balance liability hedging, capital growth, and liquidity needs. These objectives are pursued within a framework that supports Tradex's regulatory obligations and strategic ambitions.

The OCIO-managed portfolio is designed to:

- Hedge the Technical Provisions liabilities, aiming to reduce exposure to interest rate and inflation risk where possible.
- Provide capital growth through investment in return-seeking assets, balancing risk and capital efficiency.
- Maintain adequate liquidity, in conjunction with additional liquidity holdings managed outside the OCIO mandate.
- Support solvency coverage targets, in line with ranges set out in the Capital Policy, and in line with Solvency II UK requirements.

In practice, this results in the majority of assets being invested in high-quality fixed income instruments and money market funds, with the remainder allocated to diversified, return-seeking investments intended to generate excess returns in a capitally efficient manner. The Strategic Asset Allocation (SAA) targets and investment mandate are captured as part of the Investment Risk Policy.

Tradex is expected to deliver profitable growth, and premium income can therefore be used to help meet expected claims and other outgoing costs. The investment strategy includes:

- Matching assets: A "core" portfolio of high-quality fixed income and cash investments, focused on supporting the technical provisions and maintaining liquidity with a relatively low level of risk (including mitigating duration and FX risk); and
- Surplus assets: Allocations to higher risk/higher return assets (including private market investments) intended to deliver a real return on the capital surplus above the technical provisions and provide improved diversification.

## Notes to the annual report and accounts

All amounts are stated in £m unless otherwise indicated

### 5. Risk management (continued)

#### Market risk – sensitivity analysis

The most significant aspect of market risk to which Tradex is exposed is the effect of changes in value of investments, which directly impacts the profits reported under UK GAAP, and changes in credit-spreads on corporate bonds, which also affects Tradex's solvency. The impacts of such changes are estimated as follows:

Change	2025 Reduction in profit, equity and net assets	2025 Reduction in Solvency	2024 Reduction in profit, equity and net assets	2024 Reduction in Solvency
Increase in credit spreads of 100 basis points	£3.2m	0.8%	£1.3m	0.4%
Decrease in the valuation of level 3 investments of 10%	£7.9m	3.0%	£7.7m	3.4%

A movement of the same magnitude in the opposite direction would have a similar but opposite impact.

Change	2025 Impact on gross PPO reserves	2025 Impact on net PPO reserves	2024 Impact on gross PPO reserves	2024 Impact on net PPO reserves
Increase in the discount rate of 100 basis points	Reduction of £7.6m	Increase of £0.7m	Reduction of £7.4m	Increase of £0.7m
Decrease in the discount rate of 100 basis points	Increase of £10.1m	Reduction of £1.0m	Increase of £9.9m	Reduction of £1.0m

The impact on profit, equity and net assets will be the same as the impact on net PPO reserves, less tax at 25%.

#### Climate change

The financial risks from climate change arise through 2 primary channels or risk categories:

- **Physical risks:** arise from specific weather events (e.g. floods) and longer term shifts in the climate (e.g. weather variability and sea level rise). These could impact property insurance via higher claims cost but could also impact Tradex's assets.
- **Transition risks:** arise from the adjustment to a low-carbon economy. These could impact a firm's assets, in particular the value of investments, but also impact underwriting e.g. electric cars. The stance taken by Tradex could also be a potential source of reputational risk.

Insurance, market, credit, regulatory and operational risk are identified as potentially being impacted. Insurance risk arises due to potential for increased weather related losses. Credit risk arises because reinsurers are exposed to extreme catastrophes and market risk themselves, which could reduce their financial strength, hence Tradex's ability to recover claims.

Given that Tradex has low risk, short term investments, then market risk is not a significant risk although we note that if the investment mandate changes going forwards then this may increase Tradex's exposure to climate related risks.

In that operational risk relates to access to premises, this is also not a significant risk and is dealt with as part of business continuity planning.

#### Currency risk

Tradex is exposed to currency risk on its investments as corporate bonds, equities and real-estate backed lending include investments denominated in US Dollars, Euros and Polish Zloty. Currency hedges are held to minimise the foreign exchange exposure. At the end of the year, the net currency exposure after the impact of hedging was £2.1m (2024: £0.9m).

The Company's currency exposure is immaterial to the financial statements, and any reasonably possible fluctuations that would arise through sensitivity analysis would not be material.

#### Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Tradex's objective is to minimise operational risk through the implementation of a robust control environment which minimises the potential for loss as a result of the failure of processes, people and technology or due to external events.

Tradex is committed to managing operational risk effectively and proportionally. This includes maintenance of robust internal control processes and governance frameworks, the embedding of risk policies and the application of the Company's operational resilience framework and business continuity plans. All core servicing and claims activities provided under the outsourced service agreement have agreed service levels, including activities undertaken by third-party suppliers on behalf of MISL.

The Company has a corporate insurance programme to transfer specific risks to insurers as part of its risk management approach which, in 2025, included employer's liability and Directors' and Officers' insurance.

## 5. Risk management (continued)

### Liquidity risk

Liquidity risk is the current and prospective risk to earnings or solvency arising from Tradex's inability to meet its obligations when they come due without incurring unacceptable losses. Tradex's objective is to maintain at all times, liquid resources which are adequate to meet all policyholder and other funding obligations as they fall due primarily through the use of cash and highly liquid UK government and corporate bonds.

Tradex's Board sets risk appetite thresholds for liquid investments, based on forecast cash flows, and assesses liquidity against these.

The actual and projected levels of cash and other assets held are monitored and managed through an appropriate finance governance committee, with oversight by the BRC and Board. As at 31 December 2025, liquid assets of £148.9m (2024: £200.4m) were held. See note 28 for details of cashflows arising from liabilities.

### Credit risk

Credit risk is the risk to earnings and capital arising from a counterparty's failure to meet their legal and contractual obligations. Tradex does not aim to earn a return from credit risk hence its appetite for credit risk is very low. Potential losses arising from credit risk are minimised by the use of high quality reinsurers and highly rated investments.

Tradex's key credit risk exposure is from default or delay in respect of insurance receivables, where default is defined as failure to pay resulting in financial loss to Tradex. The two main potential causes of this would be i) reinsurance counterparties failing to meet financial obligations or entering into restructuring arrangements that may adversely affect reinsurance recoveries ii) Insurance receivables, such as premiums, not being paid. A third, albeit much smaller source of credit risk would be if our insurers do not pay amounts when due. See note 16 for details in relation to credit quality.

Tradex manages credit risks associated with cash and corporate bonds as part of market risk. See market risk section on page 33 for details.

Where reinsurance is used to manage insurance risk, there is a risk that the reinsurer fails to meet its obligations in the event of a claim. Tradex places limits over exposure to a single reinsurance counterparty, or counterparty group, based upon their credit-worthiness. These limits applied when reinsurance was initially placed, and are regularly monitored. Where concern exists over the credit quality of a reinsurer, a review will be undertaken to determine the most appropriate management action.

The quota share reinsurance arrangements mostly operate on a funds withheld basis, which means that only the reinsurer margin is transferred to the reinsurer.

## 6. Capital management

The Company's capital and capital requirement is defined in the Strategic Report on page 4.

### Objectives when managing capital

Tradex's strategy in respect of capital management is to ensure that the following objectives are met:

- It has sufficient capital to meet all regulatory requirements.

It has sufficient additional capital above the regulatory requirements to make any breach of the regulatory requirement unlikely, ensuring that policyholders are protected.

### Required capital

Under the Solvency II UK regulatory framework, the Prudential Regulation Authority (PRA) requires Tradex to calculate a capital requirement and to hold sufficient capital to meet it.

#### (a) Regulatory required capital

The Solvency II regulatory regime came into force as at 1 January 2016 and, from 31 December 2024, has been replaced by the Solvency II UK regulatory regime, as prescribed by the PRA. Under this solvency framework, Tradex is required to hold capital at the greater of two measures, namely the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR). These measures are described below.

- SCR: The SCR is a risk-responsive capital measure, calibrated to ensure that an insurer will be able to meet its obligations over the next 12 months with a probability of at least 99.5%. Tradex currently calculates its SCR using the Standard Formula (SF). The Standard Formula is calibrated based on market wide data and not on a specific firm's data, so the PRA must approve the SF SCR as being appropriate for a particular firm.
- MCR: The calculation of the MCR is prescribed under the Solvency II UK guidance and is set at a lower level than the SCR. Initially, the MCR is calculated by applying set factors to net technical provisions and the previous 12 months' net written premiums and is then subject to a cap of 45% and a floor of 25% of the SCR.

Tradex has maintained capital above its regulatory requirements throughout 2025. Tradex reviews solvency regularly through monthly or, when appropriate, more frequent monitoring. Monthly updates are provided to management, and quarterly reports are provided to a finance governance committee and to the Board.

In the event that Tradex falls below its risk appetite, it would be possible to reduce capital requirements by executing actions that reduce risk, albeit often resulting in reduced returns. Management have identified potential actions which fall into three main categories:

- Actions to reduce insurance risk – for example, through the purchase of reinsurance.
- Actions to reduce other types of risk – for example, de-risking the investment portfolio.
- Actions to increase available capital – for example, through possible issuance of additional subordinated debt, or through reducing future planned dividend payments.

Potential actions are routinely assessed at least once a year so that contingent management actions are available.

#### (b) Capital composition

The policies and processes employed by Tradex are designed to benefit policyholder protection by giving the business an accurate understanding of the amount and quality of capital and resources. This helps the business ensure that sufficient capital is held to absorb unexpected losses and maintain solvency.

Under the Solvency II UK regime capital resources are referred to as own funds. Own funds correspond to capital and reserves which can serve as a buffer against risks and absorb financial losses. Each type of own funds is classified within a tier, with tier 1 being the highest quality capital.

All of the Company's excess of assets over liabilities, which comprises share capital and retained profits calculated on a Solvency II UK basis, is classified as tier 1 capital. In addition, the perpetual restricted notes and subordinated notes held by the business, disclosed in note 24, served as tier 1 restricted and tier 2 capital respectively, and any deferred tax assets are classified as tier 3 capital.

100% of tier 1 own funds held at the end of the reporting period were eligible to meet the SCR and MCR. The Solvency II UK regulations restrict the use of lower tier capital to support the SCR, the value of tier 2 and tier 3 items not being permitted to exceed 50% of the value of the SCR. 100% of tier 1 capital, 20% of tier 2 capital and 0% of tier 3 capital is eligible to meet the MCR. Restricted tier 1 items must form less than 20% of total tier 1 items eligible to meet the SCR and MCR.

Further information, including an explanation of the valuation of assets and liabilities on a Solvency II UK basis, is included in the Company's Solvency & Financial Condition Report published annually.

## 7 Class of business

These results include items directly attributable to a class of business as well as those that can be allocated on a reasonable basis. The accounting policies of the business classes are the same as those described in the summary of significant accounting policies.

### Business classes

Tradex comprises the following classes of business:

<b>Motor</b>	Private motor car, fleet and commercial vehicles.
<b>Home</b>	Domestic buildings, contents and personal possessions.
<b>Liability</b>	Employers and public liability insurance.
<b>Property</b>	Commercial property cover.

### Class of business income statement for the year ended 31 December 2025

	Motor	Home	Liability	Property	Total
Gross premiums written	568.4	38.1	3.1	-	609.6
Gross premiums earned	619.9	34.7	3.6	0.4	658.6
Gross claims incurred	(449.5)	(17.0)	(1.8)	0.1	(468.2)
Gross operating expenses	(100.0)	(14.7)	(0.3)	0.0	(115.0)
Reinsurance balance	(74.6)	(2.5)	0.8	0.0	(76.3)
<b>Balance on the technical account for general business</b>	<b>(4.2)</b>	<b>0.5</b>	<b>2.3</b>	<b>0.5</b>	<b>(0.9)</b>

### Class of business income statement for the year ended 31 December 2024

	Motor	Home	Liability	Property	Total
Gross premiums written	586.5	25.8	4.0	0.8	617.1
Gross premiums earned	410.2	23.2	2.7	0.9	437.0
Gross claims incurred	(334.7)	(17.1)	(1.9)	(0.2)	(353.9)
Gross operating expenses	(64.6)	(10.5)	(0.5)	(0.2)	(75.8)
Reinsurance balance	5.0	(2.1)	(0.2)	-	2.7
<b>Balance on the technical account for general business</b>	<b>15.9</b>	<b>(6.5)</b>	<b>0.1</b>	<b>0.5</b>	<b>10.0</b>

The whole of the underwriting results, turnover and pre-tax profit arise in the United Kingdom.

## 8 Net earned premiums

	2025	2024
<b>Gross premiums</b>		
Gross written premiums	609.6	617.1
Change in unearned premium provision	49.0	(180.1)
<b>Gross earned premiums</b>	<b>658.6</b>	<b>437.0</b>
<b>Outward reinsurance premiums</b>		
Premiums ceded	(358.3)	(384.1)
Change in unearned premium provision	(35.0)	124.5
<b>Premiums ceded to reinsurers</b>	<b>(393.3)</b>	<b>(259.6)</b>
<b>Net earned premiums</b>	<b>265.3</b>	<b>177.4</b>

## 9 Net claims paid

	Note	2025	2024
<b>Gross claims paid</b>			
Current year claims		123.5	81.9
Prior year claims		212.3	92.8
		<hr/>	<hr/>
Gross claims paid	26	335.8	174.7
<b>Less amounts receivable from reinsurers</b>			
Current year claims		(61.5)	(40.6)
Prior year claims		(109.1)	(51.6)
		<hr/>	<hr/>
Amounts receivable from reinsurers		(170.6)	(92.2)
		<hr/>	<hr/>
<b>Net claims paid</b>		165.2	82.5

## 10 Net operating expenses

	2025	2024
Acquisition costs	63.9	59.2
Change in deferred acquisition costs	7.2	(12.0)
Reinsurance commissions	(85.6)	(105.3)
Reinsurance share of change in deferred acquisition costs	(8.9)	45.7
Administration expenses	43.9	28.6
	<hr/>	<hr/>
	20.5	16.2

Acquisition costs above relate to commissions paid to brokers.

Included within administrative costs is £6.1m (2024: £3.3m) of exceptional costs, predominantly consultancy fees, relating to specific projects which are non-recurring. Of these exceptional costs, £2.9m relate to capital projects, £2.8m relate to regulatory projects, and £0.4m relate to other non-recurring projects.

Tradex has a limited number of employees, with other services provided by MISL. MISL has acted as an outsourced service provider to Tradex, since the purchase of Tradex by Saturn. All core servicing and claims activities provided under the outsourced service agreement have agreed service levels, including activities undertaken by third-party suppliers on behalf of MISL.

Key management compensation is disclosed in note 31. Staff costs included within administrative expenses are shown below. Included within the administration expenses is £0.7m (2024: £0.5m) paid by the Company in respect of regular pension contributions.

### Staff costs

	2025	2024
Wages and salaries	9.2	5.9
Social security costs	1.1	0.6
Pension costs – defined contribution scheme	0.7	0.5
	<hr/>	<hr/>
	11.0	7.0

Staff costs for 2025 includes £4.9m (2024: £3.7m) recharged from Soteria in respect of work undertaken for the Company.

### Average number of employees

	2025	2024
Underwriting	10	9
Claims	2	2
Administration	50	35
	<hr/>	<hr/>
	62	46

Included within the average number of employees are 14 employees (2024: 15) of Soteria in respect of work undertaken for the Company.

## 10. Net operating expenses (continued)

### Amounts payable to auditors

	2025	2024
Audit of these financial statements	0.8	0.7
Other services	0.7	0.3
	<u>1.5</u>	<u>1.0</u>

Included within 'Other services' is £0.2m (2024: nil) relating to services for regulatory reporting, with the £0.5m (2024: £0.3m) remainder for other services.

## Depreciation

	2025	2024
Depreciation on tangible assets	<u>0.5</u>	<u>0.3</u>

## 11 Investment return

	2025	2024
Interest and similar income:		
Loans with related party	0.2	0.2
Deposits with credit institutions	4.8	2.7
Listed debt securities	6.5	1.1
Equities	0.4	0.5
Asset backed lending	2.1	-
	<u>14.0</u>	<u>4.5</u>
Realised gains/(losses) on investments:		
Deposits with credit institutions	(0.8)	-
Collective investments	0.6	0.9
Equities	0.2	-
Derivatives	(0.1)	-
Asset backed lending	0.6	0.2
	<u>0.5</u>	<u>1.1</u>
Total investment return	<u>14.5</u>	<u>5.6</u>
	2025	2024
Unrealised gains/(losses) on investments:		
Listed debt securities	0.1	(0.1)
Equities	1.6	(2.5)
Collective investments	0.3	-
Deposits with credit institutions	0.1	-
Derivatives	0.5	(0.1)
Asset backed lending	0.7	3.7
	<u>3.3</u>	<u>1.0</u>

Included within the returns for investments is a realised loss of £0.8m (2024:£nil) and unrealised losses of £1.4m (2024: £0.5m gain) relating to foreign exchange movements on investments denominated in currencies other than GBP.

## 12 Investment expenses and charges

	2025	2024
Interest paid on subordinated tier 2 notes	3.6	1.8
Investment management expenses	1.7	1.5
	<u>5.3</u>	<u>3.3</u>

## 13 Income tax

	2025	2024
<b>Current Tax</b>		
UK tax charge for the current year	1.2	1.6
Adjustment in respect of previous periods	(0.2)	-
	<u>1.0</u>	<u>1.6</u>
Total current tax charge		
<b>Deferred tax</b>		
Origination and reversal of timing differences	1.0	(9.2)
Adjustment in respect of previous periods	(0.1)	-
	<u>0.9</u>	<u>(9.2)</u>
Total deferred tax charge/(credit)		
	<u>1.9</u>	<u>(7.6)</u>

Further information about deferred tax is presented in note 17.

### Reconciliation of effective tax rate

The tax charge in the income statement differs from the theoretical amount that would arise using the corporation tax rate in the UK as follows:

	2025	2024
Profit/(loss) before taxation	<u>11.6</u>	<u>13.3</u>
Tax calculated at domestic corporation tax rate of 25.0% (2024: 25.0%)	2.9	3.3
Effect of:		
Non qualifying depreciation, amortisation and loss on disposal	0.3	-
Adjustment in respect of prior years	(0.3)	-
Deductible amounts booked to reserves	(1.0)	-
Recognition of deferred tax asset	-	(9.2)
Deferred tax provided and utilised in the year	-	(1.7)
	<u>1.9</u>	<u>(7.6)</u>
Income tax charge/(credit)		

#### 14 Financial investments

	<b>2025</b>	<b>2025</b>	2024	2024
	<b>Carrying</b>	<b>Cost</b>	Carrying	Cost
	<b>value</b>		value	
Corporate bonds	<b>168.4</b>	<b>168.3</b>	60.0	60.0
Gilts	<b>19.0</b>	<b>17.6</b>	18.2	17.6
Other government bonds	<b>19.1</b>	<b>19.1</b>	-	-
Equities	<b>49.5</b>	<b>50.2</b>	48.3	50.6
Asset backed lending	<b>33.1</b>	<b>28.2</b>	32.8	28.6
Collective investment assets	<b>39.3</b>	<b>39.0</b>	-	-
Derivatives	<b>0.3</b>	-	(0.1)	-
	<b>328.7</b>	<b>322.4</b>	159.2	156.8

At 31 December 2025, corporate bonds, other government bonds and asset backed lending of £172.4m (2024: £60.0m) are expected to be recovered more than 12 months after the reporting date. Corporate bonds, other government bonds, gilts and asset backed lending of £51.8m (2024: £nil) are expected to be recovered within 12 months of the reporting date. All other amounts have no maturity date.

£42.6m of the equity investments relates to shares in an alternative investment fund, subject to level 3 investment alternative valuation techniques. The recoverability of this amount is based on the valuation of collateral (secured by properties), with any shortfalls mitigated by guarantees. The LTV has been assessed as less than 80%, comprising property and guarantees.

The collective investment assets include investments in funds of European asset-backed credit, global credit and equities. These funds have no maturity date and units are readily tradeable.

Derivatives consist of interest rate swaps, foreign exchange hedges and options.

#### 15 Debtors arising out of direct insurance operations

	<b>2025</b>	2024
Due from intermediaries	<b>254.9</b>	244.3

The amount due from intermediaries includes balances receivable from two related parties amounting to £254.9m (2024: £244.3m).

## Notes to the annual report and accounts

All amounts are stated in £m unless otherwise indicated

### 16 Credit rating

As at the statement of financial position date, the table below provides analysis of the credit rating of those assets subject to credit risk. Tradex's policy for making provisions for possible impairment is described within the accounting policy section on page 27.

	AAA	AA	A	BBB	BB and below	Unrated	Total
<b>As at 31 December 2025</b>							
Investment assets:							
Corporate bonds	-	3.2	31.5	72.2	1.5	60.0	<b>168.4</b>
Gilts	-	19.0	-	-	-	-	<b>19.0</b>
Other government bonds	-	17.9	-	1.2	-	-	<b>19.1</b>
Equities	-	-	-	-	0.1	49.4	<b>49.5</b>
Asset backed lending	-	-	-	-	-	33.1	<b>33.1</b>
Collective investment assets	-	-	-	-	-	39.3	<b>39.3</b>
Derivatives	-	-	-	-	-	0.3	<b>0.3</b>
Reinsurers' share of claims outstanding	-	111.2	185.7	-	-	18.9	<b>315.8</b>
Reinsurance debtors	-	21.0	73.6	-	-	3.8	<b>98.4</b>
Insurance receivables and other assets	-	-	-	-	-	262.7	<b>262.7</b>
Cash at bank and in hand	67.5	-	55.1	-	-	0.2	<b>122.8</b>
	<b>67.5</b>	<b>172.3</b>	<b>345.9</b>	<b>73.4</b>	<b>1.6</b>	<b>467.7</b>	<b>1,128.4</b>
Assets not subject to credit risk							<u>207.2</u>
							<b>1,335.6</b>

	AAA	AA	A	BBB	BB and below	Unrated	Total
<b>As at 31 December 2024</b>							
Investment assets:							
Corporate bonds	-	-	-	-	-	60.0	<b>60.0</b>
Gilts	-	18.2	-	-	-	-	<b>18.2</b>
Asset backed lending	-	-	-	-	-	32.8	<b>32.8</b>
Foreign exchange	-	-	-	-	-	(0.1)	<b>(0.1)</b>
Reinsurers' share of claims outstanding	-	60.2	193.5	-	10.2	-	<b>263.9</b>
Reinsurance debtors	-	2.3	46.0	1.3	-	-	<b>49.6</b>
Insurance receivables and other assets	-	-	-	-	-	249.3	<b>249.3</b>
Cash at bank and in hand	67.2	-	111.9	-	-	3.5	<b>182.6</b>
	<b>67.2</b>	<b>80.7</b>	<b>351.4</b>	<b>1.3</b>	<b>10.2</b>	<b>345.5</b>	<b>856.3</b>
Assets not subject to credit risk							<u>292.1</u>
							<b>1,148.4</b>

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the table. £11.6m of assets held at the end of the year are past due. No provision has been made in respect of these.

### 17 Taxation

	2025	2024
<b>Current tax</b>		
Asset at the beginning of the financial year	2.1	-
Tax charged to income statement	(1.0)	(1.6)
Tax paid during the financial year	4.8	3.7
Asset at the end of the financial year	<b>5.9</b>	2.1

## 17 Taxation (continued)

	2025	2024
<b>Deferred tax asset</b>		
Asset at the beginning of the financial year	9.3	-
Adjustment in respect of prior years	-	-
Tax credited/(charged) to the income statement	<u>(0.9)</u>	9.3
Asset at the end of the financial year	<u>8.4</u>	9.3
<b>Analysis of deferred tax asset</b>		
Capital allowances on fixed assets	0.1	0.1
Tax losses	<u>8.3</u>	9.2
Asset at the end of the financial year	<u>8.4</u>	9.3

The deferred tax asset has been recognised on the basis of projections of future profits, which show that the asset is expected to reverse within the next five years. A deferred tax asset of £0.3m (2024: £0.4m), relating to timing differences of £1.2m (2024: £1.6m) between depreciation and capital allowances on fixed assets has not been recognised on the basis that this will unwind outside of the forecast period.

Deferred tax assets amounting to £5.1m are expected to reverse in the next accounting period.

Deferred tax has been calculated at 25%, which is the Corporation Tax rate applicable for tax periods after 1 April 2023, which received Royal Assent on 30 November 2021.

## 18 Other debtors

	2025	2024
Other debtors	<u>7.8</u>	5.0

Other debtors above include related party balances of £3.1m (2024: £3.1m).

## 19 Tangible assets

	Computer equipment & software
<b>Cost</b>	
At the start of the year	7.5
Additions	-
Disposals	<u>-</u>
At the end of the year	<u>7.5</u>
<b>Depreciation</b>	
At the start of the year	6.3
Charge for the year	0.5
Disposals	<u>-</u>
At the end of the year	<u>6.8</u>
<b>Net Book Value</b>	
At the end of the year	<u>0.7</u>
At the start of the year	<u>1.2</u>

## Notes to the annual report and accounts

All amounts are stated in £m unless otherwise indicated

### 20 Cash at bank and in hand

	2025	2024
Cash at bank	67.0	111.9
Cash on deposit	-	3.5
Money market funds	55.8	67.2
	<hr/>	<hr/>
Net cash at bank and in hand	122.8	182.6

Included in cash at bank and in hand is £11.9m (2024: £10.0m) held in the Company's custodian account for investment purposes. A further £55.8m is held in money market funds for investment purposes (2024: £67.2m).

### 21 Deferred acquisition costs

	2025 Gross	2025 Reinsurance	2024 Gross	2024 Reinsurance		
On insurance contracts	24.2	(42.9)	31.4	(51.8)		
	<hr/>	<hr/>	<hr/>	<hr/>		
	2025 Gross	2025 Reinsurance	2025 Net	2024 Gross	2024 Reinsurance	2024 Net
At 1 January	31.4	(51.8)	(20.4)	19.4	(6.1)	13.3
Expenses for the acquisition of insurance contracts deferred during the year	(7.2)	8.9	1.7	12.0	(45.7)	(33.7)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	24.2	(42.9)	(18.7)	31.4	(51.8)	(20.4)

### 22 Share capital and share premium

	2025	2024
<b>Issued and fully paid</b>		
12,137,643 ordinary shares of £1 each		
(31 December 2024: 12,137,628 ordinary shares of £1 each)	12.1	12.1
	<hr/>	<hr/>
<b>Share premium</b>		
At the start of the year	116.8	66.8
Share issuance	37.5	50.0
At the end of the year	154.3	116.8

On 30 June 2025, Saturn Holdings plc subscribed for 3 new shares issued by Tradex for £7,500,000. This equates to an increase in share capital of £3 and an increase in share premium of £7,499,997 at the subscription date.

On 22 December 2025, Saturn Holdings plc subscribed for 12 new share issued by Tradex for £30,000,000. This equates to an increase in share capital of £12 and an increase in share premium of £29,999,988 at the subscription date.

In 2024, a total of 20 shares were issued to Saturn Holdings plc across 3 share issuances, for a total of £50,000,000. This led to an increase in share capital of £20, and an increase in share premium of £49,999,980.

### 23 Retained earnings and other reserves

	2025	2024
<b>Retained earnings</b>		
At the beginning of the financial year	(9.9)	(28.8)
Profit for the financial year	9.7	20.9
Interest on perpetual restricted tier 1 notes	(4.0)	(2.0)
	<hr/>	<hr/>
At the end of the financial year	(4.2)	(9.9)

## 24 Tier 1 & tier 2 notes

	2025	2024
<b>Equity</b>		
20.0% perpetual restricted tier 1 notes	20.0	20.0
<b>Liabilities</b>		
12.0% subordinated tier 2 notes	30.0	30.0
	50.0	50.0

On 28 June 2024, the Company issued £20m perpetual restricted tier 1 notes, charged at 20.0% interest per annum.

On 28 June 2024, the Company issued £30m subordinated tier 2 notes, maturing on 28 December 2034, charged at 12.0% interest per annum.

There were no defaults or breaches of contractual obligations attaching to the tier 1 or tier 2 notes during the financial year.

Finance costs incurred during the year in relation to interest on the tier 1 and tier 2 notes were £7.6m (2024: £3.9m).

## 25 Provision for unearned premiums

	2025 Gross	2025 Reinsurance	2025 Net	2024 Gross	2024 Reinsurance	2024 Net
At the beginning of the financial year	308.9	192.7	116.2	128.9	68.3	60.6
(Decrease)/increase in the financial year	(48.9)	(35.0)	(13.9)	180.0	124.4	55.6
At the end of the financial year	260.0	157.7	102.3	308.9	192.7	116.2

## 26 Claims outstanding

### Change in insurance contract liabilities

	Gross	Unexpired risk provision	Salvage & subrogation	Net
<b>2025</b>				
At the beginning of the financial year	422.8	-	(15.2)	407.6
Movement in the financial year	160.2	-	(27.8)	132.4
At the end of the financial year	583.0	-	(43.0)	540.0
<b>2024</b>				
At the beginning of the financial year	229.1	-	(0.7)	228.4
Movement in the financial year	193.7	-	(14.5)	179.2
At the end of the financial year	422.8	-	(15.2)	407.6

In 2025, salvage and subrogation is included within 'debtors arising out of direct insurance operations'.

## Notes to the annual report and accounts

All amounts are stated in £m unless otherwise indicated

### 26 Claims outstanding (continued)

#### Claims and claims handling costs

	2025	2025	2025	2024	2024	2024
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At 1 January						
Notified outstanding claims	283.4	208.0	75.4	135.7	106.0	29.7
Provision for claims incurred but not reported	123.4	55.9	67.5	92.1	47.4	44.7
Provision for claims handling costs	0.8	-	0.8	0.6	-	0.6
	<b>407.6</b>	<b>263.9</b>	<b>143.7</b>	228.4	153.4	75.0
Increase/(decrease) in provision						
Claims paid during the year	(335.8)	(170.6)	(165.2)	(174.7)	(92.2)	(82.5)
Provision for outstanding claims	468.1	222.5	245.6	353.7	202.7	151.0
Provision for claims handling costs	0.1	-	0.1	0.2	-	0.2
	<b>132.4</b>	<b>51.9</b>	<b>80.5</b>	179.2	110.5	68.7
Other movement in gross provisions	-	-	-	-	-	-
Movement in quota share and reinsurance commutations	-	-	-	-	-	-
	<b>132.4</b>	<b>51.9</b>	<b>80.5</b>	179.2	110.5	68.7
At 31 December						
Notified outstanding claims	444.2	281.1	163.1	283.4	208.0	75.4
Provision for claims incurred but not reported	94.8	34.7	60.1	123.4	55.9	67.5
Provision for claims handling costs	1.0	-	1.0	0.8	-	0.8
At 31 December	<b>540.0</b>	<b>315.8</b>	<b>224.2</b>	407.6	263.9	143.7

There is no provision at the end of the current year or the prior year for unexpired risks.

## 26 Claims outstanding (continued)

### Analysis of claims development

	Underwriting year										Total
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Gross of reinsurance</b>											
At end of the reporting year:	33.6	28.8	19.3	17.7	17.1	20.9	24.6	71.2	219.9	276.8	<b>729.9</b>
One year later	64.2	59.4	35.6	33.3	39.2	40.6	57.0	174.2	429.1		<b>932.6</b>
Two years later	69.2	61.5	36.9	33.2	40.0	44.2	63.1	171.2			<b>519.3</b>
Three years later	83.1	60.6	41.7	32.8	40.8	58.4	60.4				<b>377.8</b>
Four years later	85.4	61.6	40.1	42.4	42.8	52.9					<b>325.2</b>
Five years later	92.0	76.1	43.5	41.8	39.7						<b>293.1</b>
Six years later	94.2	75.2	42.0	40.4							<b>251.8</b>
Seven years later	118.6	76.0	40.9								<b>235.5</b>
Eight years later	119.2	77.0									<b>196.2</b>
Nine years later	121.4										<b>121.4</b>
Estimate for cumulative claims	121.4	77.0	40.9	40.4	39.7	52.9	60.4	171.2	429.1	276.8	<b>1,309.8</b>
Cumulative payments to date	(91.3)	(62.8)	(34.7)	(31.7)	(32.9)	(31.3)	(36.1)	(88.1)	(252.2)	(123.9)	<b>(785.0)</b>
Gross outstanding claims liabilities	30.1	14.2	6.2	8.7	6.8	21.6	24.3	83.1	176.9	152.9	<b>524.8</b>
Provision for prior years											<b>14.2</b>
Gross outstanding claims liabilities											<b>539.0</b>
Gross claims reported											<b>444.2</b>
Gross claims incurred but not reported											<b>94.8</b>
Gross outstanding claims liabilities											<b>539.0</b>

	Underwriting year										Total
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Net of reinsurance</b>											
At end of the reporting year:	8.5	7.6	5.4	6.9	6.3	9.2	10.0	27.8	105.7	144.1	<b>331.4</b>
One year later	11.6	11.2	9.3	12.4	14.4	15.5	21.0	76.9	219.6		<b>391.9</b>
Two years later	14.1	11.4	9.4	12.4	14.8	17.6	17.6	69.6			<b>166.9</b>
Three years later	15.0	11.2	10.0	12.1	19.6	18.3	17.0				<b>103.2</b>
Four years later	15.4	11.3	32.5	17.2	18.7	17.5					<b>112.6</b>
Five years later	16.0	46.3	35.7	17.4	18.5						<b>133.9</b>
Six years later	16.3	47.1	33.0	15.9							<b>112.3</b>
Seven years later	17.3	49.3	31.9								<b>98.5</b>
Eight years later	17.2	49.4									<b>66.6</b>
Nine years later	17.2										<b>17.2</b>
Estimate for cumulative claims	17.2	49.4	31.9	15.9	18.5	17.5	17.0	69.6	219.6	144.1	<b>600.7</b>
Cumulative payments to date	(16.7)	(44.9)	(30.0)	(14.4)	(14.9)	(10.4)	(11.0)	(45.7)	(127.2)	(62.2)	<b>(377.4)</b>
Net outstanding claims liabilities	0.5	4.5	1.9	1.5	3.6	7.1	6.0	23.9	92.4	81.9	<b>223.3</b>
Provision for prior years											<b>(0.1)</b>
Net outstanding claims liabilities											<b>223.2</b>
Net claims reported											<b>163.1</b>
Net claims incurred but not reported											<b>60.1</b>
Net outstanding claims liabilities											<b>223.2</b>

Included in the analysis above is £54.5m (2024: £52.5m) of gross discounted reserves relating to PPOs (including non-PPO related estimates). PPO reserves are discounted at 3.0% (2024: 3.0%), reflecting the assumed inflation of 3.0% leading to a net discount rate of 0%. Gross undiscounted reserves relating to PPOs are £100.1m (2024: £97.4m).

The above figures exclude claim handling expenses.

## 27 Other creditors including taxation and social security

	2025	2024
Taxes and social security	11.3	20.3
Other creditors	18.8	14.6
	<u>30.1</u>	<u>34.9</u>

## 28 Cashflows arising from liabilities

The following table indicates the time profile of undiscounted cash flows arising from financial liabilities and insurance contract liabilities (based upon contractual maturity).

	Carrying value	Gross nominal outflow	Up to 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years
<b>As at 31 December 2025</b>								
Insurance contract liabilities	583.0	628.0	199.8	98.5	75.7	53.5	35.4	165.1
Financial liabilities at amortised cost:								
Reinsurance liabilities	189.1	189.1	189.1	-	-	-	-	-
Insurance and other payables	91.3	91.3	91.3	-	-	-	-	-
Subordinated tier 2 loan notes	30.0	50.4	3.6	3.6	3.6	3.6	3.6	32.4
	<u>893.4</u>	<u>958.8</u>	<u>483.8</u>	<u>102.1</u>	<u>79.3</u>	<u>57.1</u>	<u>39.0</u>	<u>197.5</u>
Other liabilities	260.0							
Total recognised liabilities	<u>1,153.4</u>							

	Carrying value	Gross nominal outflow	Up to 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years
<b>As at 31 December 2024</b>								
Insurance contract liabilities	407.6	451.7	120.9	67.2	50.9	40.6	31.3	140.8
Financial liabilities at amortised cost:								
Reinsurance liabilities	151.9	151.9	151.9	-	-	-	-	-
Insurance and other payables	111.0	111.0	111.0	-	-	-	-	-
Subordinated tier 2 loan notes <sup>3</sup>	30.0	54.0	3.6	3.6	3.6	3.6	3.6	36.0
	<u>700.5</u>	<u>768.6</u>	<u>387.4</u>	<u>70.8</u>	<u>54.5</u>	<u>44.2</u>	<u>34.9</u>	<u>176.8</u>
Other liabilities	308.9							
Total recognised liabilities	<u>1,009.4</u>							

## 29 Obligations under operating leases

The minimum lease payments to which the Company was committed under non-cancellable operating leases for the coming year at the year-end were as follows:

	2025	2024
On lease expiring:		
Within 1 year	0.1	0.1
Between 1-5 years	0.1	0.2
After 5 years	-	-
	<u>0.2</u>	<u>0.3</u>

Amounts paid under operating leases during the year were £0.1m (2024: £0.1m).

<sup>3</sup> Payments relating to the subordinated Tier 2 loan notes were not included in the cashflows arising from liabilities in the prior year signed financial statements. These have now been included for both 2025 and 2024 to enhance comparability of the disclosure.

## Notes to the annual report and accounts

All amounts are stated in £m unless otherwise indicated

### 30 Parent company

Saturn Holdings plc is the immediate parent and is incorporated in England & Wales as a company under the Companies Act 2006.

Saturn's ultimate owners are funds managed or advised by Pollen Street Capital Limited, a subsidiary of Pollen Street Group Limited, a UK listed asset manager (LON:POLN).

The results of Tradex are consolidated into the results of the group headed by Saturn. This is both the smallest and the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. The financial statements of the parent organisation are available from [www.tradexinsurance.com](http://www.tradexinsurance.com).

### 31 Related party transactions

<b>Balances at the end of the year</b>	<b>2025</b>	<b>2024</b>
Amounts due from entities with significant influence over the Company:		
Saturn intercompany loan	<b>3.1</b>	3.1
Amounts due from other related parties:		
Markerstudy Insurance Services Limited and its subsidiaries	<b>252.5</b>	222.7
Clegg Gifford & Co Limited	<b>2.4</b>	11.6
Amounts due to entities with significant influence over the Company:		
Saturn perpetual restricted tier 1 notes	<b>20.0</b>	20.0
Saturn subordinated tier 2 notes	<b>30.0</b>	30.0
Saturn other balances	<b>1.9</b>	0.1
Amounts due to other related parties:		
Soteria Insurance Limited	<b>1.6</b>	1.5

In addition the Company holds £42.6m equity (2024: £40.8m) in Global Recovery Limited as part of its investment portfolio.

<b>Transactions during the year</b>	<b>2025</b>	<b>2024</b>
Income from entities with significant influence over the Company:		
Interest on Saturn intercompany loan	<b>0.2</b>	0.2
Income from transactions with other related parties:		
Clegg Gifford & Co Limited	<b>0.2</b>	0.2
Soteria Insurance Limited	<b>0.8</b>	0.1
Expenditure from entities with significant influence over the Company:		
Interest on Saturn perpetual restricted tier 1 notes and subordinated tier 2 notes	<b>7.6</b>	3.9
Expenditure from transactions with other related parties:		
Markerstudy Insurance Services Limited and its subsidiaries	<b>55.6</b>	49.9
Clegg Gifford & Co Limited	<b>4.4</b>	8.9
Soteria Insurance Limited	<b>5.0</b>	3.9

The figures shown above include balances and transactions with companies that were related to Tradex during the year.

Markerstudy Insurance Services Limited ('MISL'), Clegg Gifford & Co Limited ('CG') and Global Recovery Limited are related parties on the basis that they share the same ultimate owners (being funds managed or advised by Pollen Street Capital Limited).

### 31 Related party transactions (continued)

Related party transactions consist of:

- Transactions with Saturn relating to a perpetual loan from Tradex to Saturn on which interest is charged at 7% p.a.
- Transactions with Saturn relating to perpetual restricted tier 1 notes of £20m and subordinated tier 2 notes of £30m from Saturn to Tradex, which were issued on 28 June 2024 and on which interest is charged at 20% and 12% p.a. respectively.
- Gross brokerage and commissions paid to MISL relating to policies for which MISL acts as a broker. £581.8m premiums were written by MISL during the year (2024: £564.8m).
- Gross brokerage and commissions paid to CG relating to policies for which CG acts as a broker. £27.7m premiums were written by CG during the year (2024: £52.3m).
- Transactions with Markerstudy group companies relating to asset backed loans held as investments by Tradex.
- Income from CG relating to premium finance facilities, less net expenses.
- Rent paid to CG for office premises.

#### Key management compensation

Key management is considered to include the members of the Tradex Board and Executive committee members.

Details of transactions and balances with Key Management during the year are provided below. Part of these costs are recharged to Tradex for work employees undertake in Tradex, though they are legally employed by Soteria.

Salaries and short-term benefits:	2025	2024
In respect of key management	2.9	2.0
In respect of Executive and Non-Executive Directors	1.5	1.2
In respect of the highest paid director	1.0	0.4

### 32 Fair value estimation

As described in note 4, the fair value of listed securities is based on market prices provided by independent, external pricing sources at the statement of financial position date without any deduction for transaction costs. The fair value of unlisted securities is based on independent valuations which are updated at least quarterly.

For receivables and payables with a remaining life of less than one year, the nominal amount is deemed to reflect the fair value where the effect of discounting is immaterial.

The following table provides an analysis of financial investments that are valued or disclosed at fair value, by the three level fair value hierarchy as defined within FRS 102, where valuations are based on:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The following table presents the Company's financial investments measured at fair value classified by these levels.

Level 3 investments are valued using valuation techniques described in note 3c on pages 25 to 27.

	Level 1	Level 2	Level 3	Total
<b>2025</b>				
Financial investments	-	250.0	78.7	328.7
<b>2024</b>				
Financial investments	-	82.5	76.7	159.2

### 33 Events after the reporting period

Since the end of 2025, geopolitical instability has increased, particularly in the Middle East and, whilst Tradex only operates in the UK, this can have an impact on supply chains and investment markets. The Company's management is closely monitoring the situation for any indirect exposure or other impact. At the current date there are no significant changes to the Company's principal risks and uncertainties or its solvency coverage.

**Tradex Insurance Company plc**

Registered under the Companies Act 2006

Registered office: McLaren House, 100 Kings Road, Brentwood, England, CM14 4EA

Registered number: 02983873