

Tradex Insurance Company plc

Solvency and financial condition report 2025

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Executive Summary

1. Introduction and Purpose

The Directors are pleased to present the Solvency & Financial Condition Report ('SFCR') for the year ended 31 December 2025.

This report contains detailed qualitative and quantitative information on the Business and Performance, System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management, together with standardised Quantitative Reporting Templates with respect to the reporting period for Tradex Insurance Company plc ('Tradex' and the 'Company').

Tradex 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 owns 100% of the share capital of Soteria Insurance Limited ('Soteria').

This Executive Summary provides an overview to assist policyholders and other stakeholders in understanding the nature of the business, how the business is managed and its solvency position.

Tradex is regulated and managed under the Solvency II prudential regime, as implemented through UK legislation and the Prudential Regulation Authority's ('PRA') Rulebook and policy materials. This has been referred to as 'Solvency II' or 'SII' throughout this document.

The Company is subject to a Voluntary Requirement ('VReq') as prescribed by the PRA. The principal impact of this on solvency is the requirement that, for each underwriting year, the Company must book commissions receivable from quota share reinsurers at the minimum level for at least three years after the start of that underwriting year to prevent recognition of commission income that is subsequently clawed back which would then result in downside volatility in capital position. This is a more prudent position than UK GAAP and standard Solvency II requirements which allows earlier recognition when the amount of commission can be measured reliably and it is probable that they will be due.

Amounts are presented in thousands of pounds, sterling (£000), unless otherwise stated.

The document makes reference to the Annual Reports and Accounts, which also provide relevant information about Tradex, copies of which can be found at www.tradexinsurance.com.

2. Business Performance (Summary of Section A)

2.1 Business Model & Strategy

Business Model

Tradex'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.

Tradex's business model is centred on disciplined underwriting, strong governance of delegated authority partners, and the effective use of data and analytics to deliver sustainable profitability and good customer outcomes. Oversight of partners is a core component of the operating model, to ensure that products meet customer needs, are distributed appropriately, and that the level of service and claims management deliver good outcomes for our customers.

Strategy

The Company's strategic objective is to become a top-five insurer by gross written premiums in its chosen UK markets, predominantly motor and home. To achieve this, Tradex is focused on building on its competitive strengths, expanding distribution reach, and consistently delivering strong underwriting performance.

Following significant premium growth in 2024, driven by the new distribution agreement with Markerstudy, and expansion into motorcycle and commercial van markets, the strategy centred on consolidating this strong base. The Company continued to expand distribution while maintaining underwriting discipline and building the infrastructure to improve the operating ratio and end to end value.

2.2 Significant Events

Consumer Duty

Subsequent to acquiring Tradex, the 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 has established a programme of work to deliver against all the review recommendations and throughout 2025, management continued to strengthen its approach to Consumer Duty, ensuring that customer interests remain 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 and full remediation activity is expected to complete in H1 2026. There has been no material impact to the current period financial statements, however, given the uncertainties involved in such matters, there can be no assurance regarding the eventual outcome of a particular matter or matters, or their financial impact on subsequent periods, such as costs associated with remedial activities or regulatory actions.

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.

Events after the balance sheet date

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.

2.3 Performance

Lines of Business and Geographical Areas

Lines of business which are material to the performance of Tradex are defined in the table below:

Line of Business	Definition
Motor vehicle liability insurance (Motor)	Insurance obligations which cover all liabilities arising out of the use of motor vehicles operating on land. Obligations are predominantly those relating to third parties involved in incidents with policyholders.
Other motor insurance (Other Motor)	Insurance obligations which cover all damage to or loss of land vehicles, predominantly those vehicles owned by policyholders.
Fire and other damage to property insurance (Home)	Insurance obligations which cover all damage to or loss of property due to fire, explosion, natural forces including storm, hail or frost, nuclear energy, land subsidence and any event such as theft.

All business is conducted in the UK, Isle of Man and the Channel Islands.

Overall Performance

The table below shows the performance of Tradex over the year to 31 December 2025 as reported in the statutory accounts together with trading profit and combined ratio, which are alternative performance measures utilised by management. Trading profit shows the level of profit before finance costs relating to Tier 2 debt charges included within investment expenses, exceptional costs, and tax. The combined ratio reflects underwriting profitability and is calculated as total claims and expenses, excluding exceptional costs, divided by net earned premiums.

Overall Performance	2025	2024
	£000	£000
Net earned premium	265,194	177,452
Net policyholder claims and benefits	(245,652)	(151,125)
Commissions	23,471	12,337
Expenses	(43,872)	(28,584)
Underwriting result	(859)	10,080
Net investment return	17,834	6,510
Finance charges and investment expenses	(5,331)	(3,260)
Profit on ordinary activities before tax	11,644	13,330
Trading profit	21,351	18,449
Combined ratio	98.0%	92.5%

Tradex's 2025 result of an £11,644k profit before tax was driven mainly by:

- A decrease in the underwriting result (net of expenses) by £10,939k, driven by the softening of the market in the second half of 2025, whilst the Company continued to maintain a focus on writing profitable business. Strong headline growth continued into the six months ended 30 June 2025 and intentionally slowed through H2, as Tradex maintained discipline under the softening market conditions, while leveraging its distribution partnership and expanding market reach.
- The increase in expenses is partly due to an increase in exceptional costs relating to various one-off strategic projects undertaken by the Company, from £3,280k in 2024 to £6,108k in 2025.
- £11,324k increase in investment income partially offset by a £2,071k increase in finance charges and investment expenses, largely reflecting the expansion in size of the investment portfolio following the growth in earned premiums.

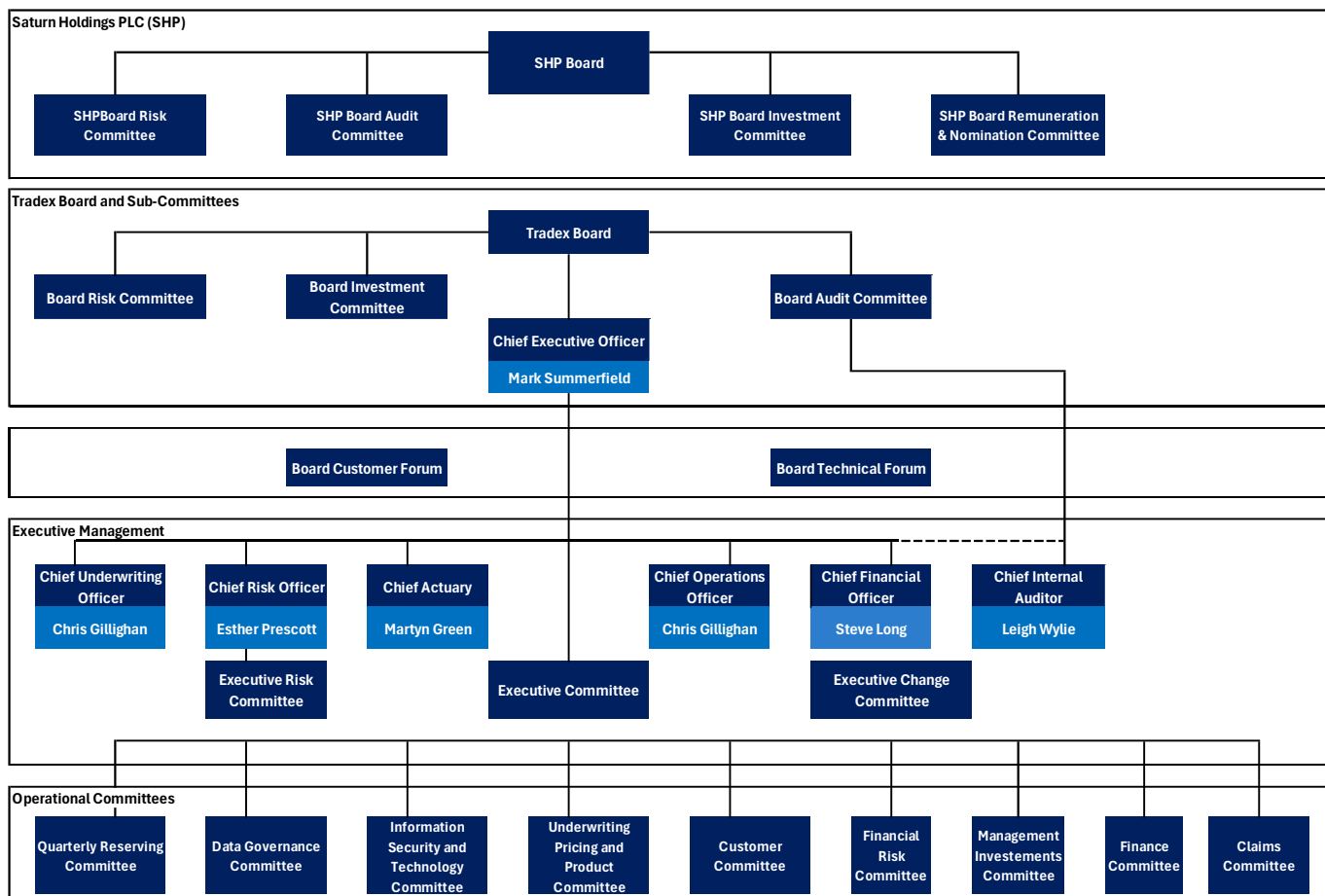
A more detailed analysis of the performance, including comparatives against the prior year, can be found in Section A of this report and the Company's Annual Report and Accounts which is available at www.tradexinsurance.com.

3. System of Governance (Summary of Section B)

The holding company has its own Board and sub-committees. The governance structure of Tradex is described below.

3.1 Governance Framework

Tradex has a strong governance framework, including a formal committee structure, and has ensured that the accountability and responsibility of individual Senior Managers and Directors is clearly defined and documented. This enables the Board, Executive and associated committees to interact effectively to support delivery of the agreed strategy and the ability to manage and mitigate the risks faced by the business.



The Tradex Board owns and approves the Risk Appetite Statements and the Risk Management Framework, setting the thresholds and approach to risk taking activities. To ensure that there are effective internal controls and risk management, the Tradex Board has established sub-committees and delegated certain responsibilities to them. All Board sub-committees have Terms of Reference which document the membership, their accountabilities and describe the authority delegated to them by the Board. The Board ensures that each committee is provided with sufficient resources to enable it to undertake its duties.

3.2 Key elements of the System of Governance

Appropriate Responsibility and Accountability

Tradex operates a 'three lines of defence' governance model to ensure appropriate responsibility and accountability is allocated to the identification, measurement, management, monitoring and reporting of risks.

Business management is the 1st line of defence. It is responsible for implementing and operating processes to identify, measure, manage, monitor and report risks. Tradex provides 1st line oversight of all outsourced activities. Oversight activities are not necessarily carried out by the Risk team and can be carried out by anyone working in, or for Tradex, as long as they are independent from whomever carried out the work. The Risk function owns the Risk Management Framework, oversees and challenges its implementation and operation by the 1st line of defence, and considers current and emerging risks across the business.

Internal Audit is the 3rd line of defence within the Company structure. Internal Audit independently challenges the overall design and operation of the Risk Management Framework and provides assurance to the Tradex Board Audit Committee (BAC) and senior management on the adequacy of both the 1st and 2nd lines of defence, including the quality of their work.

Fitness & Propriety of Key Function Holders

As a regulated company, all accountabilities within Tradex are allocated as part of The Senior Manager and Certification Regime (SM&CR).

The Tradex Management Responsibilities Map describes and documents the firm's overall governance arrangements. It demonstrates that there are no gaps in the allocation of responsibilities amongst its management.

Senior Manager Functions are roles the regulators deem 'critical' within a firm. They are occupied by individuals who have significant influence over the firm's business strategy, culture and compliance with regulatory requirements. Individuals who are appointed to perform a Senior Manager function must be approved by the FCA and/or PRA.

Key Functions, as defined by Solvency II regulation, are those functions which, if not properly managed and overseen, could potentially lead to significant losses being incurred or to a failure in the on-going ability of the firm to meet its policyholder obligations. The firm's system of governance has identified those persons who are responsible for the Key Functions, known as Key Function Holders (KFHs), along with their lines of accountability.

The Company has established fit and proper processes which comply with the SM&CR. Certified Employees (the next tier of management below Senior Managers where the role has a risk of significant harm to the firm or any of its customers) have been identified, to which the requirements will also apply.

The Company will ensure that Senior Managers and Certified Employees are at all times fit and proper persons. This means that these persons have adequate professional qualifications, knowledge and experience to enable the sound and prudent management of the firm and that they are of good repute and integrity.

Embedding Risk Management Framework

Tradex has implemented a Risk Management Framework that is proportionate to the business.

The Risk Management Framework identifies processes, ownership, responsibilities and the oversight required to support effective implementation of Risk Management across the Company.

The Risk Management Framework is designed to aid the business in the management of risks at all levels in the business in accordance with the 'Three Lines of Defence' model.

4. Key Risks (Summary of Section C)

Tradex is exposed to a number of risks which could adversely affect its financial performance and its ability to meet its objectives. The most material risks that directly, financially impact the Company are insurance risk (both premium and reserve risk), operational risk, market risk and credit risk. These risks can also impact the customer and Tradex also needs to deliver good customer outcomes.

Risk	Definition
Insurance Risk (Premium Risk)	The inherent uncertainties as to the occurrence, amount and timing of insurance liabilities for business not yet earned. Premium risk includes catastrophe risk; the risk of loss arising from natural or man-made disasters.
Insurance Risk (Reserve Risk)	The risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events for earned policies, and in the timing and amount of claim settlements ¹ .
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or external events.
Conflicts of Interest Risk	Conflicts of Interest Risk is the risk that financial or other 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.
Market Risk, including climate change 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. Included within market risk is climate change risk; the underwriting and investment risks that arise from the adjustment to a low-carbon economy which could affect a firm ² .
Counterparty Risk, including Credit Risk	The risk to earnings and capital arising from a debtor's failure to meet their legal and contractual obligations.
Liquidity Risk	The current and prospective risk to earnings or solvency arising from the Company's inability to meet its obligations when they come due without incurring unacceptable losses. Liquidity risk is explicitly excluded from the Standard Formula Solvency Capital Requirement.
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.

Risks are captured within the Standard Formula calculation of the Solvency Capital Requirement ('SCR'). The table below shows the value of capital held by Tradex for each risk.

¹ Risk is relative to technical provisions on a SII basis or best estimate reserves on an UK GAAP basis

² Climate change can also impact other level 1 risks, in particular insurance risk, but has been allocated to market risk for reporting purposes.

Solvency Capital Requirement	31 December 2025	31 December 2024	Movement
	£000	£000	£000
Non-life underwriting risk	98,805	78,869	19,936
Market risk	30,901	26,501	4,400
Counterparty risk	31,481	31,268	213
Operational risk	23,778	22,350	1,428
Life underwriting risk	216	-	216
Diversification credit	(31,639)	(27,891)	(3,748)
SCR	153,542	131,097	22,445

Insurance risk is managed by thorough pricing and underwriting management, and claims reserving, and is mitigated through the use of appropriate reinsurance.

Operational risks are identified, measured, managed and mitigated through on-going risk management practices including risk assessments, formal control procedures and contingency planning, and mitigated through corporate insurances. The Company's Operational Resilience Framework sets out requirements for maintaining resilience. The operational risks associated with the outsourcing arrangement with MISL, which is material to the business, are managed through the Binding Authority Agreement.

Market risk reflects the portfolio of assets held by the Company which comprises cash and investments, including higher-yielding assets.

Counterparty risk, including credit risk, is managed through defined limits for exposure to credit ratings and individual counterparties.

The value calculated for each individual risk is the estimated loss that would be incurred in an adverse scenario for that specific risk, as per the Standard Formula SCR calculation. As not all of these negative outcomes would be expected to occur within a short time frame, the Standard Formula SCR calculation allows for a diversification benefit which is an estimate of the total reduction in the overall level of risk. The effect of changes in the risk profile of the Company on capital management is explained in Section 6 of this Summary.

5. Valuation for Solvency Purposes (Summary of Section D)

The valuation for solvency purposes is based on an economic value approach under Solvency II. The principle that underlies this valuation basis is that assets, technical provisions and other liabilities are valued at amounts for which they could be exchanged between knowledgeable, willing parties in an arm's length transaction.

The Solvency II valuation approach, together with the prescribed balance sheet presentation, differ from that used in the preparation of the Company's UK GAAP statutory financial statements. The table on the following page presents a summary balance sheet as at 31 December 2025 on both bases, with a bridge between them to show the key movements. Section D includes full explanations of the valuation and recognition basis under Solvency II, along with a description of how this differs to the approach used in the statutory accounts.

The Company does not apply the transitional measures of a matching adjustment, volatility adjustment or transitional deduction to the technical provisions or the transitional risk-free interest rate.

Valuation of assets and liabilities	UK GAAP	Reclassifications	SII Valuation Adjustment	Solvency II
	£000	£000	£000	£000
Assets				
Deferred acquisition costs	24,179	-	(24,179)	-
Deferred tax assets	8,408	-	(4,874)	3,534
Property, plant & equipment held for own use	665	-	(611)	54
Investments	295,486	(25,002)	-	270,484
Loans and mortgages	33,140	27,417	-	60,557
Reinsurance recoverables	473,523	(174,953)	(74,176)	224,394
Insurance and intermediaries receivables	254,903	(249,447)	(4,605)	851
Reinsurance receivables	98,364	(13,905)	(42,145)	42,314
Receivables (trade, not insurance)	24,056	(2,292)	(6,323)	15,441
Cash and cash equivalents	122,786	4,624	-	127,410
Any other assets, not elsewhere shown	-	-	-	-
Total assets	1,335,510	(433,558)	(156,913)	745,039
Liabilities				
Technical provisions	842,971	(238,007)	(122,725)	482,239
Derivative liabilities	-	3	-	3
Insurance and intermediaries payables	12,550	(7,742)	(4,495)	313
Reinsurance payables	189,122	(187,812)	(1,197)	113
Payables (trade, not insurance)	35,747	-	-	35,747
Subordinated liabilities	30,000	-	(219)	29,781
Any other liabilities, not elsewhere shown	42,901	-	(42,901)	-
Total liabilities	1,153,291	(433,558)	(171,537)	548,196
Excess of assets over liabilities	182,219	-	14,624	196,843

The excess of assets over liabilities of £196,843k forms the basis of Own Funds for Tradex under Solvency II which, when added to the Tier 2 subordinated loans, is the amount of available capital held to meet the Solvency Capital Requirement.

The Company does not apply the matching adjustment, volatility adjustment or transitional deduction to the technical provisions or the transitional risk-free interest rate.

6. Capital Management (Summary of Section E)

Regulatory capital, referred to as Own Funds, is monitored and managed by the Company in accordance with Solvency II requirements. The excess of Own Funds over the SCR at 31 December 2025 is £73,082k (corresponding to a solvency coverage ratio of 147.6%) (2024: £63,340k (148.3%)).

Own Funds at 31 December 2025 are £226,624k (2024: £194,437k). As described in Section 4, the SCR at 31 December 2025 is £153,542k (2024: £131,097k).

The following table shows the value of Own Funds eligible to meet the SCR at 31 December 2025.

	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3	2025 total	2024 total	Movement
	£000	£000	£000	£000	£000	£000	£000
Ordinary share capital	12,138				12,138	12,138	-
Share premium account	154,275				154,275	116,775	37,500
Reconciliation reserve	6,896				6,896	14,125	(7,229)
Perpetual restricted tier 1 notes		20,000			20,000	20,179	(179)
Tier 2 subordinated liabilities			29,781		29,781	30,315	(534)
Net deferred tax assets				3,534	3,534	905	2,629
Total basic own funds after deductions	173,309	20,000	29,781	3,534	226,624	194,437	32,187
Total available own funds to meet the SCR	173,309	20,000	29,781	3,534	226,624	194,437	32,187
Total available own funds to meet the MCR	173,309	20,000	29,781	-	223,090	193,532	29,558
Total eligible own funds to meet the SCR	173,309	20,000	29,781	3,534	226,624	194,437	32,187
Total eligible own funds to meet the MCR	173,309	20,000	8,699	-	202,008	170,091	31,917
Solo SCR					153,542	131,097	22,445
Solo MCR					43,498	34,377	9,121
Ratio of eligible own funds to SCR					147.6%	148.3%	(0.7%)
Ratio of eligible own funds to MCR					464.4%	494.8%	(30.4%)

Tier 1 Unrestricted Own Funds relate to share capital, share premium and the reconciliation reserve. When added to the Tier 1 Restricted Own Funds and Tier 3 deferred tax assets, they equate to the value of the excess of assets over liabilities in the Solvency II balance sheet. The reconciliation reserve represents the changes resulting from valuation differences between UK GAAP versus Solvency II as well as retained earnings and other reserves.

Perpetual restricted tier 1 notes relate to the £20,000k notes issued on 28 June 2024 and charged at 20.0% interest per annum. The tier 2 subordinated liabilities relate to £30,000k notes issued on 28 June 2024, maturing on 28 December 2034, charged at 12.0% interest per annum.

Eligible Own Funds increased by £32,187k, principally as a result of the issuance share capital for total consideration of £37,500k during the year in support of the growth of the business (see E.1.2.1 for further details). This growth has driven an increase in SCR of £22,445k, with higher volumes of business generating higher capital requirements in respect of premium and reserve risk, and to a lesser extent higher market risk as the size of the investment portfolio has grown (see E.2.2 for further details). In combination, the increase in Own Funds and SCR has led to a 0.7% reduction in the SCR coverage ratio.

Non-compliance occurs when the value of eligible own funds falls below the MCR or the SCR. As at 31 December 2025, Tradex has exceeded both the MCR and SCR with coverage of 464.4% (2024: 494.8%) and 147.6% (2024: 148.3%) respectively. Tradex has been compliant with both the MCR and the SCR throughout the reporting period.

Directors' Report

The Directors of Tradex during the financial year are listed below and all appointments were for the full period unless otherwise stated.

Non-Executive Directors
Sharon Ludlow Neil Southworth Andrew Johnston Stuart Vann (appointed 29 January 2026) Ewen Gilmour (resigned 31 December 2025)
Executive Directors
Mark Summerfield Maria Leighton (resigned 25 June 2025)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Solvency and Financial Condition Report in all material respects in accordance with the Prudential Regulation Authority Rules, as modified by the requirement and supplemented by the permission made by the Prudential Regulation Authority, and therefore as applicable to Tradex.

Each of the Directors confirms that, to the best of their knowledge:

- a) throughout the financial year to 31 December 2025, the Company has complied in all material respects with the requirements of the Prudential Regulation Authority Rules as applicable to Tradex; and
- b) it is reasonable to believe that the Company has continued to comply subsequently and will continue to comply in future.

By order of the Board:



Mark Summerfield

Executive Director

2 April 2026

Report of the independent external auditor to the Directors of Tradex Insurance Company PLC ('the Company') pursuant to Rule 4.1(2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2025:

- The 'Valuation for Solvency Purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Company as at 31 December 2025 ('the Narrative Disclosures subject to audit'); and
- Company templates IR.02.01.02, IR.12.01.02, IR.17.01.02, IR.23.01.01, IR.25.04.21 and IR.28.01.01 ('the Templates subject to audit').

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the Solvency and Financial Condition Report'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- The 'Summary', 'Business and Performance', 'System of Governance' and 'Risk Profile' sections of the Solvency and Financial Condition Report;
- Company templates IR.05.02.01, IR.05.04.02 and IR.19.01.21; and
- The written acknowledgement by management of their responsibilities, including for the preparation of the Solvency and Financial Condition Report ('the Responsibility Statement').

To the extent the information subject to audit in the relevant elements of the Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Solvency and Financial Condition Report of Tradex Insurance Company plc as at 31 December 2025 is prepared, in all material respects, in accordance with the financial reporting provisions of the Prudential Regulation Authority ('PRA') Rules as modified by the requirement and supplemented by the permission made by the Prudential Regulation Authority under section 55M and section 138BA of the Financial Services and Markets Act 2000.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)), including ISA (UK) 800 (Revised) Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks' and 'ISA (UK) 805 (Revised) Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement'. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the relevant elements of the Solvency and Financial Condition Report 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 relevant elements of the Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Solvency and Financial Condition Report 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.

Emphasis of matter – basis of accounting and restriction on use

We draw attention to the 'Valuation for Solvency Purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report, which describe the basis of accounting. The Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules, and therefore in accordance with a special purpose financial reporting framework. The Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose.

This report is made solely to the Directors of the Company in accordance with Rule 2.1 of the External Audit Part of the PRA Rulebook for Solvency II firms. Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose.

Our opinion is not modified in respect of these matters.

Other information

The Directors are responsible for the Other Information contained within the Solvency and Financial Condition Report.

Our opinion on the relevant elements of the Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or 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 relevant elements of the Solvency and Financial Condition Report, 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 relevant elements of the Solvency and Financial Condition Report themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA Rules which have been modified by the requirement and supplemented by the permission made by the Prudential Regulation Authority under section 55M and section 138BA of the Financial Services and Markets Act 2000.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Solvency and Financial Condition Report, the Directors are responsible for assessing the Company's ability to continue in operation, disclosing as applicable, matters related to its ability to continue in operation and using the going concern basis of accounting unless the Directors either intend to cease to operate the Company, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Solvency and Financial Condition Report are prepared, in all material respects, with the financial reporting provisions of the PRA Rules.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Solvency and Financial Condition Report 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 it 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 decision making or the judgement of the users taken on the basis of the relevant elements of the Solvency and Financial Condition Report.

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.

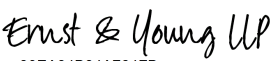
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the financial reporting provisions of the Prudential Regulation Authority ('PRA') Rules and regulations related to elements of the company law and tax legislation. Our consideration of other laws and regulations that may have a material effect on the relevant elements of the Solvency and Financial Condition Report included regulatory and supervisory requirements of the PRA and the Financial Conduct Authority ('FCA').
- 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 relevant elements of the Solvency and Financial Condition Report 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. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk, including the procedures over the actuarial assumptions impacting technical provisions, which were designed to provide reasonable assurance that the relevant elements of the Solvency and Financial Condition Report were free from fraud or error. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
 - Making inquiries of those charged with governance and senior management to ascertain their awareness of any non-compliance with the relevant laws and regulations,
 - Identifying the policies which those charged with governance have implemented to prevent, detect, and monitor non-compliance with laws and regulations by officers and employees,
 - Reviewing correspondence with regulators and formal minutes of the Board and relevant sub-committees to determine whether there was any 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 audit partner 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 on the Solvency and Financial Condition Report.

Report on Other Legal and Regulatory Requirements

In accordance with Rule 4.1(3) of the External Audit Part of the PRA Rulebook for Solvency II firms, we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Tradex Insurance Company plc statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Signed by:

30EA94B84A764FB...

Ernst & Young
London

2 April 2026

A. Business and Performance

A.1 Business

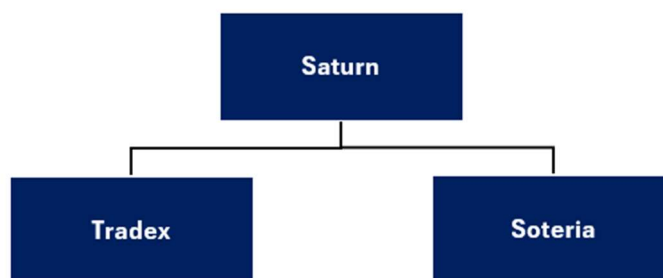
A.1.1 Legal Form, Ownership and Registered Address

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). It is a wholly owned subsidiary of Saturn Holdings plc ('Saturn'). Saturn changed its legal status in November 2025 from a limited company to a public limited company. Its registered address is McLaren House, 100 Kings Road, Brentwood, England, CM14 4EA.

A.1.2 Group Structure

Saturn, along with its subsidiaries Tradex and Soteria Insurance Limited ('Soteria'), together form an Insurance Group. A fellow subsidiary, Soteria Finance Holdings Limited ('SFHL'), was dissolved on 16 December 2025.

The consolidated SFCR for the Group, which includes details of Saturn's shareholders, is available at www.tradexinsurance.com.



A.1.3 Employees

The Company employs a number of colleagues to oversee the key functions of the business, with additional services provided by Markerstudy Insurance Services Limited ('MISL'). There is also an arrangement with Soteria whereby a number of colleagues employed by Soteria also work for Tradex, and Soteria recharges a portion of its staff salary expenses to Tradex.

A.1.4 Name and Contact Details of External Auditors

The Company's auditors are Ernst & Young LLP (registered no. OC300001), whose registered office is 25 Churchill Place, London E14 5EY.

A.1.5 Name and Contact Details of Supervisory Authority and Regulator

Tradex is authorised and regulated by the Prudential Regulatory Authority ('PRA') in the United Kingdom, whose offices are at 20 Moorgate, London, EC2R 6DA and regulated by the Financial Conduct Authority ('FCA'), whose head office is at 12 Endeavour Square, London, E20 1JN. The Company is supervised by the PRA.

A.1.6 Business Model and Strategy

Business Model

Tradex'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.

Tradex's business model is centred on disciplined underwriting, strong governance of delegated authority partners, and the effective use of data and analytics to deliver sustainable profitability and good customer outcomes. Oversight of partners is a core component of the operating model, to ensure that products meet customer needs, are distributed appropriately, and that the level of service and claims management deliver good outcomes for our customers.

The underwriting approach is supported by:

- Pricing and data driven portfolio management: Tradex is focused on consistently delivering price adequacy through governance and development of pricing models, driving the rate required to reflect claims' inflation and achieve profit targets, and continuously improve the portfolio mix.
- Measured risk selection: Through data insights and segmental reporting, Tradex develops a clear risk strategy for each market segment.
- Volatility management through adequate purchase of Reinsurance: The Company continues to manage P&L volatility and balance sheet exposure through an appropriate purchase of reinsurance which comprises of excess of loss, quota share and catastrophe protection. In addition, models which assess propensity for large claims have been embedded at quotation stage in Private Car (which is the largest portfolio segment) enabling improved segmentation and proactive management of volatile exposures.
- Governance on Products and Claims management: Tradex continues to review the products and how they are distributed to meet the target customer needs, there is effective oversight of the service levels provided by the MGA's to brokers and end customers, to ensure that legitimate claims are settled quickly and smoothly to deliver good outcomes. We continue to invest in the governance and control environment, ensuring it evolves in line with business growth.

Strategy

The Company's strategic objective is to become a top-five insurer by gross written premiums in its chosen UK markets, predominantly motor and home. To achieve this, Tradex is focused on building on its competitive strengths, expanding distribution reach, and consistently delivering strong underwriting performance.

Following significant premium growth in 2024, driven by the distribution agreement with Markerstudy and expansion into motorcycle and commercial van markets, the strategy centred on consolidating this strong base. The Company continued to expand distribution while maintaining underwriting discipline in a softening motor market. Growth remained strong in the first half of 2025 and was intentionally moderated in the second half to protect profitability.

The Company continues to invest in infrastructure, systems, and governance to improve operating ratios and enhance end-to-end value across the insurance lifecycle.

A.1.7 Significant Events

Consumer Duty

Subsequent to acquiring Tradex, the 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 has established a programme of work to deliver against all the review recommendations and throughout 2025, management continued to strengthen its approach to Consumer Duty, ensuring that customer interests remain 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 and full remediation activity will complete in H1 2026. There has been no material impact to the current period financial statements, however, given the uncertainties involved in such matters, there can be no assurance regarding the eventual outcome of a particular matter or matters, or their financial impact on subsequent periods, such as costs associated with remedial activities or regulatory actions.

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.

A.2 Underwriting Performance

A.2.1 Overall Performance

The table below shows the performance of Tradex over the year to 31 December 2025 as reported in the statutory accounts together with trading profit and combined ratio, which are alternative performance measures utilised by management. Trading profit shows the level of profit before finance costs relating to Tier 2 debt charges included within investment expenses, exceptional costs, and tax. The combined ratio reflects underwriting profitability and is calculated as total claims and expenses, excluding exceptional costs, divided by net earned premiums.

Overall Performance	2025	2024
	£000	£000
Net earned premium	265,194	177,452
Net policyholder claims and benefits	(245,652)	(151,125)
Commissions	23,471	12,337
Expenses	(43,872)	(28,584)
Underwriting result	(859)	10,080
Net investment return	17,834	6,510
Finance charges & investment expenses	(5,331)	(3,260)
Profit on ordinary activities before tax	11,644	13,330
Trading profit	21,351	18,449
Combined ratio	98.0%	92.5%

A more detailed analysis of the performance of Tradex, including comparatives against the prior year, can be found in the Annual Report and Accounts which are available at www.tradexinsurance.com.

Tradex's 2025 result of a £11,644k profit before tax was driven mainly by:

- A decrease in the underwriting result (net of expenses) by £10,939k, driven by the softening of the market in the second half of 2025, whilst the Company continued to maintain a focus on writing profitable business. Strong headline growth continued into the six months ended 30 June 2025 and intentionally slowed through H2, as Tradex maintained discipline under the softening market conditions, while leveraging its distribution partnership and expanding market reach.
- The increase in expenses is partly due to an increase in exceptional costs relating to various projects undertaken by the Company, from £3,280k in 2024 to £6,108k in 2025.
- £11,324k increase in investment income partially offset by a £2,071k increase in finance charges and investment expenses, largely reflecting the expansion in size of the investment portfolio following the growth in earned premiums.

Further detail on the Company's segmental underwriting result, investment performance and other activities is provided in the following sub-sections.

A.2.2 Underwriting Performance

Analysis of Tradex's underwriting performance for the year to 31 December 2025, by line of business, is presented below. The segmental analysis is shown before corporate overheads and net investment return.

No geographic segmental reporting analysis is presented as all business is conducted in the UK, Isle of Man and the Channel Islands.

	2025	2024
Motor Insurance Liability	£000	£000
Net earned Premium	180,697	122,272
Net policyholder claims and benefits	(183,543)	(117,797)
Commissions	20,772	12,319
Expenses	(29,565)	(19,980)
Underwriting result	(11,639)	(3,186)
Motor Insurance Other		
Net earned Premium	66,213	44,726
Net policyholder claims and benefits	(53,512)	(23,783)
Commissions	8,141	4,791
Expenses	(11,498)	(7,770)
Underwriting result	9,344	17,964
Fire and Other Damage to Property Insurance (Home)		
Net earned Premium	14,982	8,284
Net policyholder claims and benefits	(8,003)	(7,685)
Commissions	(5,126)	(5,193)
Expenses	(2,792)	(833)
Underwriting result	(939)	(5,427)
Other		
Net earned Premium	3,302	2,170
Net policyholder claims and benefits	(594)	(1,860)
Commissions	(316)	420
Expenses	(17)	(1)
Underwriting result	2,375	729

- The Motor business contributed the majority of the underwriting result for the year, with a combined £2,295k loss across Motor Liability and Motor Other categories. Whilst earned premiums increased, reflecting the growth of the business over 2024 and 2025, overall profitability declined as market conditions softened and business was written at higher loss ratios. Targeted rating action and strengthened underwriting controls implemented for trade business and rationalisation of the broker base to support retail direct business helped to partially offset the adverse impact of the broader market conditions.
- Home, although improved from 2024, made a loss of £939k. The prior year result was impacted by volatility from weather events and large losses. The improved result in 2025 also reflects operational changes undertaken with Markerstudy which enhanced pricing responsiveness and strengthened claims insight.

A.3 Investment Performance

A.3.1 Investment Income and Expenses

The Company's investment portfolio has grown throughout the year end 31 December 2025, reflecting the underlying expansion of the business. The investment strategy remains under active development as the Company builds out its investment capabilities. The Company's assets are held in a diversified range of investments, comprising cash and money market funds, debt securities, equities and asset-backed lending.

The key strategic objective of the Company's investment activities is to ensure that liabilities can be met over both the short and long term. To support this, the investment strategy is structured around two identifiable portfolios:

- A portfolio of high-quality fixed income and cash investments focused on supporting technical provisions and capital requirements and maintaining liquidity with a relatively lower level of risk, including mitigating duration and FX risk; and
- A portfolio of surplus assets with allocations to higher risk, higher return assets intended to deliver a real return on the capital surplus and provide improved diversification.

The focus of the strategic asset allocation is on appropriate cash flow matching and hedging, with a balanced approach to achieving steady income and capital growth.

The table below analyses the Company's investment income and expenses:

Investment income and expense analysis	Investment income	Realised gains & losses	Unrealised gains & losses	Total Investment Expenses
	£000	£000	£000	£000
Cash	4,794	(1,002)	-	
Government bonds	841	45	55	
Corporate bonds	5,713	535	26	
Equity	371	94	(67)	
Collective investments	-	239	398	
Mortgages and loans	2,289	-	1,789	
Property	-	596	670	
Foreign exchange hedges	-	11	440	
Derivatives	(40)	-	37	
Total	13,968	518	3,348	(1,731)
Prior year	4,501	1,055	953	(1,421)
Movement	9,467	(537)	2,395	(310)

Net investment returns have increased overall during 2025, primarily reflecting the continued growth of the investment portfolio, which generated higher investment income. This effect was dampened by the higher weighting to cash during 2025 relative to the prior year, reflecting management's decision to de-risk the investment portfolio ahead of the transition in Q4 2025 of outsourced chief investment officer services to Aon Investments Limited ('Aon'), in order to reduce volatility until the transition had come into effect. This involved maintaining higher cash holdings, along with additional hedging with respect to asset and liability mismatches, with a rebalancing having commenced in line with an agreed strategic asset allocation following the appointment of Aon.

A.3.2 Investment Gains and Losses Recognised Directly in Equity

As permitted under UK Generally Accepted Accounting Practice ('UK GAAP'), all investment gains and losses are recognised in the income statement and not directly in equity.

A.3.3 Investments in Securitisations

The Company had no investments in securitisations as at December 2025.

A.4 Performance of Other Activities

£202k (2024: £290k) is due for lease payments until the end of the lease term. The Company does not have any finance lease arrangements.

A.5 Any Other Information

A.5.1 Events after the balance sheet date

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.

B. System of Governance

This section provides information regarding the system of governance.

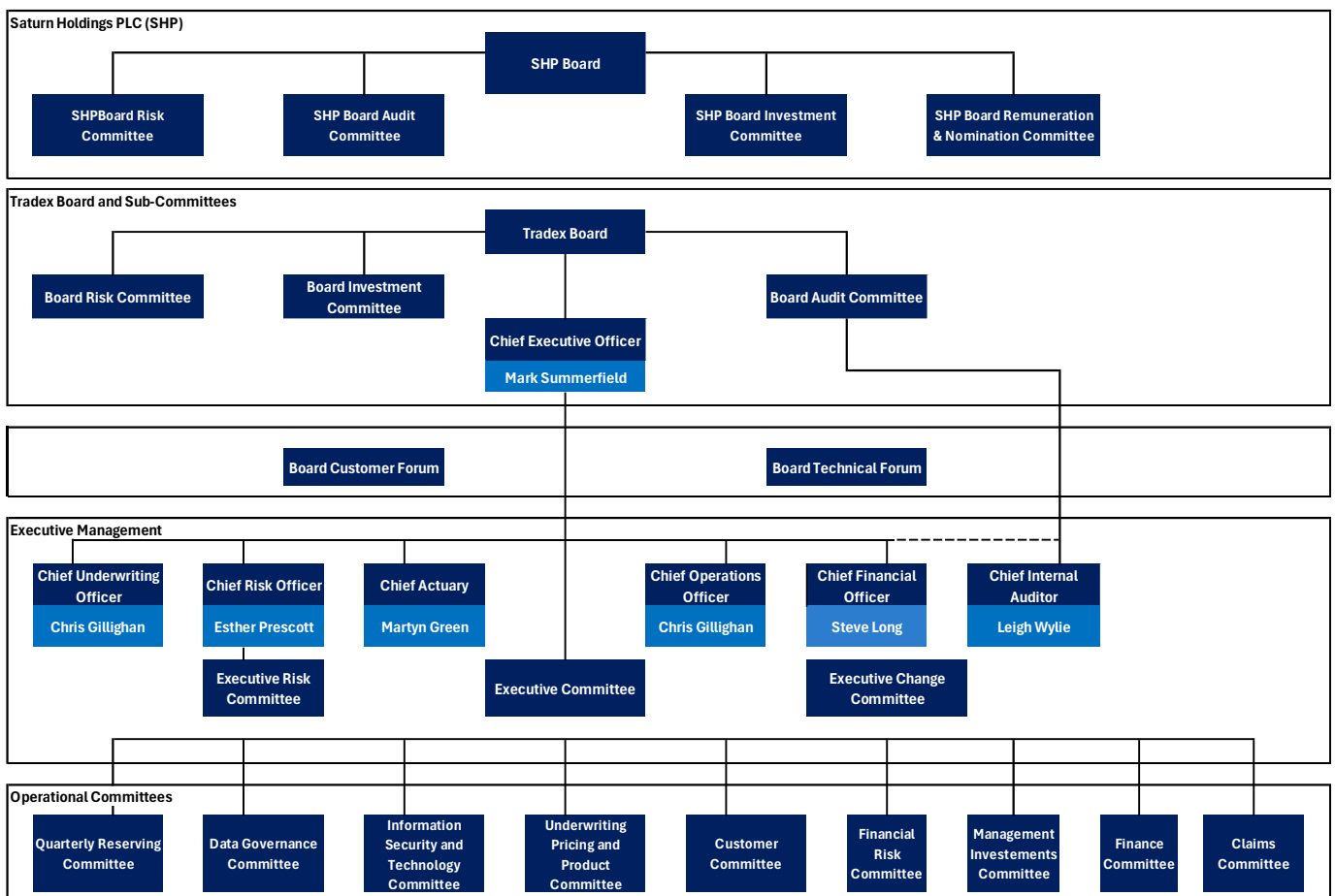
B.1 General Information on the System of Governance

B.1.1 Governance Structure

The Tradex Board is responsible for ensuring that an appropriate system of governance is in place. The Board has established a governance framework including a formal committee structure, consisting of the Tradex Board and its sub-committees (shown in the diagram below), Executive Management committees and Advisory (Operational) committees. The governance framework ensures that the accountability and responsibility of individual Senior Managers and directors is clearly defined and documented. This enables the Board, Executive and associated committees to interact effectively to support delivery of the agreed strategy and the ability to manage and mitigate the risks faced by the business.

The governance framework is managed using a 'Three Lines of Defence Model' (see Section B.3.1.3). Material changes to the governance framework over the year are described in Section B.1.5.

The diagram below illustrates how the Board and its sub-committees operate within the governance structure.



The sections below outline the main roles of the Tradex Board and its sub-committees.

Committee	Overview
Tradex Board	The Tradex Board is responsible for organising and directing the affairs of the Company in a manner that is most likely to promote the success of the business for the benefit of its shareholders and customers and is consistent with its purpose, regulatory and statutory requirements and corporate governance best practice. The Board ensures adherence to Consumer Duty that customer interests and outcomes are considered and embedded within the approval of strategy, risk appetite and key business decisions.
Tradex Board Risk Committee (BRC)	The purpose of the BRC is to oversee and advise the Tradex Board on current and potential risks and the overall risk framework. The committee also oversees risk management arrangements, ensuring that Risk Appetite is appropriate and adhered to and that key risks are identified and managed. The committee is also charged with ensuring good customer outcomes.
Tradex Board Audit Committee (BAC)	The purpose of the BAC is to assist the Tradex Board in discharging its responsibilities for the integrity of financial statements, to review the effectiveness of internal controls and risk management systems and to monitor the effectiveness and objectivity of internal and external auditors.
Tradex Board Investment Committee (BIC)	The purpose of the BIC is to provide direction on the investment strategy for Tradex and its risk appetite for investments, and to oversee and advise the Board on the performance of investments and compliance with the approved strategy and investment mandate.

B.1.2 Key Functions

Key Functions, as defined by Solvency II regulations, are those functions which, if not properly managed and overseen, could potentially lead to significant losses being incurred or to a failure in the on-going ability of the firm to meet its policyholder obligations. The firm's system of governance has identified those persons who are responsible for the Key Functions, known as Key Function Holders (KFHs), along with their lines of accountability.

The table below summarises the four Key Functions:

Key Function	Key Function Holder	Section Reference
Risk management function	Group Chief Risk Officer	B.3
Compliance function	Director of Compliance	B.4.2
Internal Audit	Group Chief Internal Auditor	B.5
Actuarial function	Group Chief Actuary	B.6

Details on how each Key Function has the necessary authority, independence and resources needed to carry out tasks and report to the Tradex Board are located under the section references noted in the above table.

B.1.3 Delegation of Responsibilities, Reporting Lines and Delegation of Functions

As a regulated company all accountabilities within Tradex are allocated as part of the Senior Manager and Certification Regime (SM&CR).

Senior Manager Functions are roles the regulators deem 'critical' within a firm. They are occupied by individuals who have significant influence over the firm's business strategy, culture and compliance with regulatory requirements. Individuals who are appointed to perform a Senior Manager function must be approved by the FCA and/or PRA.

Tradex is required to demonstrate how overall governance in the firm is managed and responsibilities are shared. This is done through Management Responsibilities Maps and supporting material, which shows how the individual responsibilities come together to ensure good governance at an entity level and demonstrates that there are no gaps in the allocation of responsibilities amongst its management.

In addition, the delegation of Financial Authorities is referenced within the Delegated Authorities Operating Manual, which sets out the specific delegated authorities by role and includes a wider, more granular set of financial authorities.

The list of Function Holders and the senior management responsibilities they hold is as follows:

Senior Manager Function	Description	Name	Senior Management Responsibilities Held
SMF1	Chief Executive Officer	Mark Summerfield	<ul style="list-style-type: none"> Board (Executive Director) Insurance Mediation Human Resource Learning and Development
SMF2	Chief Finance Officer	Steve Long	<ul style="list-style-type: none"> Board Financial Information Regulatory Reporting Climate Change Champion (investments)
SMF4	Group Chief Risk Officer	Esther Prescott	<ul style="list-style-type: none"> Risk Management System Conflicts of Interest ORSA
SMF5	Group Chief Internal Auditor	Leigh Wylie	<ul style="list-style-type: none"> Internal Audit
SMF9	Chair of the Governing Body	Sharon Ludlow	<ul style="list-style-type: none"> Board
SM10	Chair of Risk Committee	Neil Southworth	<ul style="list-style-type: none"> Board (including Consumer Duty Champion)
SMF11	Chair of Audit Committee	Stuart Vann	<ul style="list-style-type: none"> Board
SMF12	Chair of Remuneration Committee	Sharon Ludlow	<ul style="list-style-type: none"> Board
SMF13	Chair of the Nominations Committee		
SMF7	Group Entity Senior Manager	Michael England	<ul style="list-style-type: none"> Board
SMF16	Director of Compliance	Angela Cooper	<ul style="list-style-type: none"> Compliance Financial Crime
SMF20	Group Chief Actuary	Martyn Green	<ul style="list-style-type: none"> Actuarial Reserves Reinsurance
SMF23	Chief Underwriting Officer	Chris Gilligan (oversight pending appointment of new SMF 23)*	<ul style="list-style-type: none"> Pricing Underwriting Climate Change Champion (underwriting)
SMF24	Group Chief Operations Officer	Chris Gilligan	<ul style="list-style-type: none"> Information Technology Outsourced Operational Functions including systems and technology Claims
SMF18	Group Chief Customer Officer	Sally Clarke	<ul style="list-style-type: none"> Good customer outcome Product Governance Sales and distribution oversight Complaints

* Note that as at year end:

- the Function Holder of SMF11 was Ewen Gilmour until 31 December 2025. Since 11 February 2026 the role is held by Stuart Vann.
- the Function Holder of SMF23 was Sid Gulati.

B.1.4 Remuneration

Saturn Board Remunerations and Nominations Committee (Remco) determine the remuneration principles of Executives within Tradex.

The principles promote a competitive but not excessive employment offer which achieves an appropriate balance between fixed and variable pay, and which promotes sound and sustainable decision-making through effective risk management.

In determining Tradex Executive remuneration, Remco take into account a number of principles which reflect the regulatory responsibilities of Tradex, including the following:

- To ensure that overall levels of remuneration are sufficient to attract, retain and motivate individuals of the quality necessary to manage Tradex effectively and successfully, but are not excessive in comparison to the relevant external market.
- To align the remuneration of Tradex Executives with balanced business judgement, in order to ensure that customers are placed first, and sustainable decisions and actions are taken in their best interests. Therefore, Tradex Executives are not remunerated solely on the basis of the profits of Tradex, but on a balanced scorecard including both customer and risk measures.
- To maintain a market-aligned and sustainable remuneration structure for Tradex Executives.
- Any performance conditions attached to incentive awards will be appropriate, stretching and support the strategy and purpose of Tradex.
- To ensure that performance conditions do not encourage excessive risk taking and protect the delivery of fair customer outcomes, variable remuneration will be subject to appropriate claw-back and, where appropriate, malus arrangements.
- Remuneration for new hires should be sufficient to attract Executives of the required calibre using the same policies that apply to current Tradex Executives.
- If Tradex Executives depart Tradex, Remco will aim to ensure colleagues are treated fairly whilst minimising the cost to Tradex.

Long-term incentive awards and supplementary pension and early retirement schemes

The Company does not contractually issue any long-term incentive awards. No supplementary pension or early retirement schemes are offered.

Remuneration paid to Non-Executive Directors

The Tradex Board delegated responsibility for determining the Non-Executive Directors' (NED) fees to the Chair and the Chief Executive Officer (CEO). Fees were last reviewed on appointment of the NEDs.

The Saturn Board REMCO is responsible for determining the fees payable to the Board Chair.

Further information relating to remuneration including compensation paid to key management and Non-Executive Directors is included in Note 31 of the Company's Annual Report and Accounts.

Conflicts of Interest

Saturn Remco manage the incentive plans for Saturn, Tradex and Soteria. Potential conflicts of interest between Tradex, Soteria and Saturn are managed through strong governance structures, including a conflict of interest register.

B.1.5 Material Changes

There have been a number of changes to the SMF responsibilities:

- Steve Long was appointed as Group Chief Finance Officer (SMF2) replacing Maria Leighton.
- Stuart Vann was appointed as Chair of the Audit Committee (SMF11) replacing Ewen Gilmour.
- Sally Clarke was appointed as Group Chief Customer Officer (SMF18).
- Angela Cooper was appointed as Director of Compliance (SMF16) replacing Leon Harrison.
- Chris Gilligan provides oversight pending appointment of new SMF 23, replacing Sid Gulati.

The following changes were made to the sub-Board Committee structure:

- Two Customer Fora were established to provide a space for discussion and analysis of information to be presented to Board Committees:
 - A Board Customer Forum relating to oversight and assurance on the fair treatment of customers across the firm's insurance activities; and
 - A Board Technical Forum relating to strategic oversight and assurance across the organisation's actuarial, underwriting, pricing and product development activities.

- An Executive Change Committee was established to provide oversight of all change within Saturn Group and ensuring the right changes are selected, prioritised, executed and implemented, and agreed outcomes delivered.
- The Information Security and Data Oversight (ISDO) Committee was renamed to Information Security and Technology (IST) Committee. The purpose of the committee continues to be to oversee the Company's information and data assets.
- The monthly Underwriting and Pricing Decisions Committee was changed to the monthly Underwriting, Pricing and Product Committee to ensure effective oversight of pricing, underwriting and product decisions in line with Pricing and Underwriting policy and delegation framework and to support the SMF23 in their duties in this area.
- A Claims Committee was established to provide expertise, leadership and direction on claims strategy, to drive and support initiatives to improve claims outcomes, and to oversee any outsourced activity and ensure claims performance is aligned to risk appetite and expected results.
- A Data Governance Committee was established to assist the Executive Committee in the oversight, challenge and monitoring of the Group's use of data within business decisions and processes.
- Three finance committees were established to replace the Investments, Finance and Capital Committee. They are the Finance Committee, the Financial Risk Committee and the Management Investments Committee.

B.1.6 Material Transactions

Information relating to transactions with related companies, including key management compensation, can be found in Note 31 to the Company's Annual Report and Accounts. There are no other material transactions with shareholders, persons who exercise a significant influence on the Company or with members of the Company's management other than as disclosed in that note.

B.2 'Fit and Proper' Requirements

Persons who effectively run the business or who are responsible for other Key Functions within the business must be 'fit and proper' at all times. This means that these persons must have adequate professional qualifications, knowledge and experience to enable the sound and prudent management of the firm and that they are of good repute and integrity.

Tradex has established an SMCR policy which includes processes for assessing fitness and propriety which comply with the Senior Managers and Certification Regime (SM&CR). Tradex has identified Certified Employees (the next tier of management below Senior Managers where the role has a risk of significant harm to the firm or any of its customers) to which the requirements also apply. Tradex will ensure that Senior Managers and Certified Employees are at all times fit and proper persons.

The fit and proper assessment of Senior Managers and Certified Employees is performed proportionately, with relatively more attention being given to the assessment of Senior Managers.

Under fit and proper requirements, the Company must be satisfied that the person:

- has the personal characteristics (including being of good repute and integrity),
- possesses the level of competence, knowledge and experience,
- has the necessary qualifications,
- has undergone or is undergoing all necessary training,

to enable that person to perform their function effectively and in accordance with any relevant regulatory requirements. Note: A list of the Persons in the undertaking that are responsible for the four mandatory Key Functions is shown in Section B.1.2 and a list of delegated responsibilities is in Section B.1.3.

B.2.1 Process for Assessing Fitness and Propriety

The process for assessing fitness and propriety comprises of two stages:

1. Pre-appointment

To assess an individual's fitness and propriety to perform a role the following steps are undertaken:

- Request a formal application along with a full and comprehensive CV.
- Request and review evidence of relevant qualifications, where appropriate.
- Interviews conducted by individuals with appropriate expertise and seniority within the firm.
- Obtain regulatory references from previous employers. These must include the minimum information as prescribed by our regulators. Personal references may also be obtained.
- Criminal records checks.

- Credit checks to establish an individual's financial soundness.
- Other due diligence from other publicly available sources, for example Financial Services Register, Companies House (to establish any conflicts of interest) and media searches.

The Company will only recruit individuals to a position of significant influence who have the appropriate skills, knowledge, core competencies and experience. Where any minor development needs are identified these will be addressed as part of a development plan and the individual will be provided with appropriate support.

The Company will also ensure that any appointments to the Board contain an appropriate mix of skills and experience, and the right mix of both financial industry capability and critical perspective from high-level experience in other major businesses.

2. On-going (post appointment)

The Company monitors an individual's fitness and propriety on an on-going basis via regular performance appraisals. In addition, an assessment is conducted and documented on an annual basis, unless otherwise stated below, using the following information:

- Results of performance appraisals, including adherence to the conduct rules outlined by SM&CR.
- Credit checks to establish an individual's financial soundness.
- Progress against development plans, where appropriate.
- Self-certification by the individual as to their fitness and propriety.
- Other relevant supporting documentation, for example an assessment of their risk performance over the year, Internal Audit Summary, role profiles & Continuous Professional Development logs.
- An up-to-date version of their handover pack as part of succession planning protocol.
- Criminal records checks.

B.3 Risk Management System Including the Own Risk and Solvency Assessment (ORSA)

B.3.1 Risk Management System

The Risk Management Framework (RMF) identifies processes, ownership, responsibilities and the oversight required to support effective implementation of Risk Management across the business.

Effective Risk Management is essential for the achievement of business success and is everyone's responsibility. Customers, members, regulators and other stakeholders expect the Company to manage risk effectively.

B.3.1.1 Risk Strategy & Appetite

The Company's Risk Strategy is owned and approved by the Tradex Board, supported by a capital coverage risk appetite requirement, and overarches the risk appetite statements.

The Risk Strategy: "Ensuring good outcomes for customers, and avoiding customer harm, the purpose of Tradex is to write profitable business over the insurance cycle by providing capacity to our Distribution Partners, all achieved whilst maintaining a prudent risk appetite and complying with all regulation".

Risk Appetite is the expression of how much risk Tradex would be prepared to accept in pursuit of its strategy. One or more metrics underpin each of the risk appetite statements, along with 'red', 'amber' and 'green' thresholds for monitoring and reporting exposure against each metric. The Tradex Board owns and approves the Tradex Risk Appetite and delegates the setting of more detailed risk limits through the assignment of Risk Owner accountabilities to the appropriate SMF holder.

The detailed statements and their supporting metrics are contained within Risk Strategy and Appetite documents which are maintained by the Group Chief Risk Officer (CRO) of Tradex and reviewed annually. All of the statements and metrics have been updated this year.

B.3.1.2 Risk Management Process

The risk management process outlines the key requirements including roles and responsibilities for the way in which risk management is conducted across the business. The risk management process consists of five stages:

1. Identification.
2. Measurement.
3. Management.
4. Monitoring.
5. Reporting.

The purpose and requirements for each stage of the risk management process are outlined in the section below.

Stage	Purpose	Requirement
Risk Identification	To identify the current and emerging risks that may affect the Company.	The process requires in-depth knowledge of the Company's strategic and operational objectives, business, markets and structure.
Risk Measurement	To quantify the risks to the Company in a consistent manner.	Risks within the Company are assessed by considering the 'likelihood' of the risk materialising and the 'impact' should it materialise. Risks within the Company are assessed using a 5 x 5 Risk Assessment Matrix.
Risk Management	To carry out an appropriate strategy to address the risk in question.	Risk mitigation by the use of well documented and robust controls will be the most appropriate approach for the majority of risks.
Risk Monitoring	To ensure that the selected risk management approach is effective, and to keep track of any changes which may impact the risk environment and the level of exposure over time.	Exposure by risk type is monitored on a regular basis. The frequency will depend upon the materiality of the risk.
Risk Reporting	To provide the Tradex Board, Executive and senior management with an accurate, timely and clear account of the current risk exposure and to highlight any risks to achievement of business objectives.	This is achieved by taking the most material outputs from the above processes and presenting them to the Board. Ultimately the Tradex CRO is responsible for ensuring that this aim is met.

B.3.1.3 Three Lines of Defence

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

- 1st line: identify and manage risk in day to day operations.
- 2nd line: provide oversight, challenge and assurance of first line activities; establish and oversee the risk management framework.
- 3rd line (Internal Audit): provide independent assurance that the RMF is being executed as intended and functioning correctly (see Section B.5 for further details of the Audit function).

Tradex provides 1st line oversight of all outsourced activities. The 2nd line also provides review and oversight in accordance with Tradex's risk profile.

B.3.1.4 Policies and Controls

Policies

Tradex has a set of risk policies in place to manage risk across the business. Each risk policy is owned by a designated SMF. These policies outline the principles that the SMF expects the business to follow.

The individual policies are reviewed and updated by the SMF annually, as a minimum, to ensure on-going relevance and effectiveness against business strategy and organisational design, or any changes in external regulatory requirements.

Controls

Each risk identified in the risk register has one or more controls appended to it. Each of the controls is owned and approved by the relevant SMF, however they may choose to delegate the management and testing of the controls to a subject matter expert within their area. The SMF must attest that all controls are operating effectively every 6 months and call out areas of control weakness.

B.3.1.5 Risk Management Integration – Alignment of Risk Profile to Solvency Needs

Qualitative Review

The Company has considered the appropriateness of the Standard Formula and concluded that overall, the Standard Formula remains appropriate for Tradex. This is on the basis that Tradex's risks are "standard".

B.3.2 Own Risk and Solvency Assessment (ORSA)

The ORSA is the totality of all processes used to identify, measure, manage, monitor and report the short term and long term risks the Company faces or may face and the Own Funds necessary to ensure solvency requirements are met on a continuous basis.

The Company has a governance structure to ensure the necessary technical expertise to provide input to and challenge the ORSA:

- The Tradex Board has ultimate responsibility and accountability for the ORSA including providing direction for the overall approach.
- The overall responsibility for the conduct and documentation of the ORSA lies with the Tradex CRO and the Risk function. The Tradex CRO will provide oversight across the overall RMF for all known risks and related processes and controls.
- Business areas are responsible for providing requested documentation in support of the underlying ORSA process and production of reports.

B.3.2.1 ORSA Policy

The ORSA policy sets out the Company's approach to the conduct of the ORSA and its reporting. The policy outlines the framework approved by the Tradex Board to ensure that the ORSA is an integral part of business planning, strategy and decision making; and the Tradex Board has an active role in directing the ORSA process and challenging the output.

All employees are required to comply with the requirements of the ORSA Policy and to report any breaches in accordance with the guidance contained within the RMF Policy.

There is also a dividend extraction policy which sets out the process approved by the Tradex Board that must be followed in the event that Tradex wishes to pay a dividend up to its parent.

B.3.2.2 ORSA Principles

The ORSA policy is founded on the following principles:

<p>Process</p>	<ol style="list-style-type: none"> 1. The ORSA is forward-looking and closely related to business planning. <i>Risk and solvency is considered and projected over (at least) the Company's medium term planning horizon. The ORSA considers emerging risks, the impact of the business plan on its risk profile, and the extent to which the strategic plan aligns with risk appetite.</i> 2. The ORSA considers the link between the risk profile, approved risk appetite limits and overall solvency needs. <i>The ORSA considers capital and solvency on all relevant regulatory and internal bases, including reconciliations and explanations for differences.</i> <i>The ORSA includes an analysis of the Standard Formula against the Company's risk-profile.</i> <i>The internal economic view of the Company's risks is calculated based upon the Standard Formula, which is adjusted appropriately.</i> <i>The ORSA considers the quantity and quality of Own Funds over the business planning period and the composition of Own Funds across tiers.</i> 3. The ORSA encompasses all material quantitative and qualitative risks that may impact the Company. <i>The ORSA will assess exposure to these risks against the risk appetite limits set by the Board.</i> <i>The ORSA documents and explains the change in the risk profile, capital and solvency from the previous exercise. This assessment includes confirmation of continuous solvency over the period from the previous ORSA report.</i> 4. The ORSA includes stress tests, sensitivity analyses and reverse stress tests. <i>The tests are performed at least annually, normally as part of the Strategic Planning process, and additionally on an ad hoc basis if appropriate. These include economic scenarios, individual stress events and sensitivities to key assumptions. Reverse stress tests are events or a combination of events that would lead to business failure. The analysis includes the impact upon solvency, which provides management with information on the potential vulnerabilities faced by Tradex so that they can identify appropriate management actions.</i>
<p>Report and Documentation</p>	<ol style="list-style-type: none"> 5. A full ORSA report is produced annually alongside, or shortly after, the Company's Strategic Plan. <i>An annual frequency is considered appropriate to update the full ORSA report in normal circumstances, given the Company's business model and risk profile.</i> 6. The full ORSA report documents the ORSA process, conclusions and implications, providing links to further evidence. 7. Ad hoc updates to the ORSA report are produced following material changes to the Company's current and/or projected risk profile, business model or solvency position. <i>The CRO is responsible for recommending to the Saturn and Tradex Boards when an ad hoc ORSA assessment and report should be carried out, which may also be carried out upon request by the Tradex Board or the PRA.</i> 8. The risk team will produce and maintain an ORSA record document.

B.3.2.3 ORSA Process

The ORSA process is the on-going process by which Tradex manages and assesses its risk and solvency (both regulatory and internal) within its decision-making processes.

The table below highlights the key ORSA activities that take place and the decision-making process that they feed into:

Process	Key activities that form part of the ORSA process
Business Planning	<ul style="list-style-type: none"> • Setting and quantifying stresses and scenarios at least annually • Ongoing Financial Projections including capital and solvency • Annual Production of full ORSA report • Quarterly review of credit risk and reserves
Pricing and Underwriting	<ul style="list-style-type: none"> • Determining appropriate pricing and underwriting strategy and limits • Determine and purchase appropriate reinsurance based on risk/reward considerations
Investment	<ul style="list-style-type: none"> • Ongoing Liquidity risk management including stress testing and projections • Investment strategy review and management
Risk Management	<ul style="list-style-type: none"> • Ongoing maintenance of risk register and RCSA process • Annual review of Risk Management Framework • Risk reporting including quarterly CRO reports to Board • Annual review of risk strategy and appetite
Capital Management	<ul style="list-style-type: none"> • Monthly calculation of capital requirements and solvency, both internal and regulatory • Annual review of SF Appropriateness • Determination of appropriate capital extraction and dividend application process
Ad Hoc Strategic Processes	<ul style="list-style-type: none"> • Reviewing risk, capital and solvency implications of mergers, acquisitions, further reinsurance purchase and other strategic activity • Production of ad hoc ORSA reports, if necessary

Production and Review Frequency

The most recent ORSA was approved by the Tradex Board in Q2 2025.

The Company's current and projected risk profile and solvency position is monitored continuously with reporting provided on a quarterly basis to the Tradex Board.

B.4 Internal Control System

B.4.1 Risk and Control Self-Assessment (RCSA)

Each Tradex Executive is required to undertake an RCSA, which identifies the risks to the achievement of their key objectives and the controls against these risks, together with an assessment of the effectiveness of the controls (Design and Performance) with appropriate testing of control performance.

The RCSAs cover all material controls.

The Tradex CRO ensures that RCSAs are reviewed and challenged by the 2nd Line Risk function to ensure these provide reasonable assurance over the material accuracy of the Executive and SMF assurances.

Tradex also operates:

- a risk exception process to ensure that there is a consistent procedure to provide transparency, challenge and oversight of risks where no further mitigation action is being taken.

- a risk events process to capture and assess the impact of all risk events considering all risk categories. Given the nature of the outsourcing agreement, risk events are also captured by Markerstudy Insurance Services Ltd (MISL) and are monitored via the Executive Risk Committee.

In addition to this, Tradex maintains regular dialogue with both the Financial Conduct Authority (FCA) and Prudential Regulatory Authority (PRA) to ensure that they are updated on any material control issues.

Risk and control assessments are provided by each Tradex Executive for all of their areas of accountability. This procedure of producing assessments is required on a six-monthly cycle.

B.4.2 Compliance Function

The Director of Compliance holds compliance officer responsibilities.

The Compliance Function ensures the Saturn Group complies with all relevant laws, regulations and expectations of the PRA and FCA. The team acts as the primary contact for regulators, coordinating responses to supervisory activity, requests and notifications.

The Compliance Function conducts regular horizon scanning to identify regulatory developments and support timely implementation of required changes. It provides regulatory advice to business areas on control design, projects and operational queries, helping ensure obligations are understood and met.

Working with HR, the function oversees key Senior Managers & Certification Regime activities, including upkeep of the Management Responsibilities Map, Senior Manager applications and assessments of Certified individuals.

The team performs second-line assurance over certain first-line processes and monitors the effectiveness of relevant policies and procedures. Compliance also oversees regulatory training to promote a strong culture of good conduct.

Regular reporting is provided to Senior Management, Boards and Committees to ensure visibility of regulatory obligations, risks and ongoing compliance activity. Through its oversight and advisory role, the function supports the Group's integrity, resilience and commitment to customer protection.

B.5 Internal Audit Function

B.5.1 Purpose

The role of Internal Audit is established by the Tradex BAC on behalf of the Board of Directors. The purpose of the Internal Audit function is to strengthen Tradex's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

B.5.2 Mandate

Authority

The Board Audit Committee grants the Internal Audit function the mandate to provide the Board and senior management with objective assurance, advice, insight, and foresight.

Internal Audit's authority is created by its direct reporting relationship to the Board Audit Committee Chair. Such authority allows for unrestricted access to the Board.

The Board authorises the Internal Audit function to:

- have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out Internal Audit responsibilities. The Group Chief Internal Auditor is also authorised to request such access by the co-source audit partner(s) in discharging their services. Internal audit has procedures in place to ensure confidentiality and safeguarding of records and information provided;
- allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives; and
- obtain assistance from the necessary personnel of Tradex and other specialised services from within or outside Tradex to complete Internal Audit services.

All colleagues are expected to assist Internal Audit in performing its duties, as requested. Internal Audits which include within their scope activities performed by third parties are conducted in accordance with contractual audit rights.

Internal Audit is invited to attend all Executive Committee meetings and any other management decision making fora as deemed appropriate by the Group Chief Internal Auditor, who has full access to all related papers and minutes. The Group Chief Internal Auditor has full access to all Board and Board Committee papers, excluding REMCO, and minutes and will be present at Board Audit

and Board Risk Committee meetings. Internal Audit has the right to be informed promptly of any major potential or actual control failures relevant to the organisation, including any identified by the external auditors, regulators, or other external parties.

The Group Chief Internal Auditor will have access to the Board Audit Committee and individual members of the Board/Committees, without the presence of executive management, at any time.

Independence and Organisational Position

Internal Audit is a Senior Management Function under the Senior Managers and Certification Regime (SM&CR), with the Group Chief Internal Auditor holding the SMF5 (Senior Manager Function 5 – Head of Internal Audit) position. The Group Chief Internal Auditor will meet with key regulators (the Prudential Regulation Authority, and the Financial Conduct Authority) as requested, maintaining open and cooperative dialogue where relevant, and adhering to the conduct rules under SM&CR.

The Group Chief Internal Auditor is positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The Group Chief Internal Auditor reports functionally to the Board Audit Committee Chair and administratively (for example, day-to-day matters) to the Chief Executive Officer. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Board, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Group Chief Internal Auditor will confirm to the Board Audit Committee, at least annually, the organisational independence of the internal audit function. The Group Chief Internal Auditor will disclose to the Board Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fill its mandate.

B.5.3 Scope

The scope of internal audit services covers the entire breadth of the organisation, including all of Tradex's activities, assets, and personnel (including subsidiary and outsourced activities). Internal Audit maintains an audit universe to cover all of Tradex's activities and risks to ensure completeness of its planning activities. The scope of internal audit activities encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Board and management on the adequacy and effectiveness of Tradex's governance, risk management, and control processes.

Internal Audit determines what areas within its scope should be included within the annual audit plan by adopting an independent risk-based approach. Internal Audit does not necessarily cover all potential scope areas every year. Internal Audit will provide assurance over specific areas as requested by Regulators.

Internal Audit can also, where appropriate, undertake special investigations and consulting engagements at the request of the Board, Board Committees, and/or senior management. The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. The scope and nature of any such assignments will be discussed and agreed as these arise, ensuring that Internal Audit has adequate resources to perform this work without adversely impacting the agreed audit plan. The Group Chief Internal Auditor will resource any such assignments in a way which does not impact the independence of Internal Audit in any future assurance work.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

B.5.4 Roles and responsibilities in the Risk Management Framework

The 'Three Lines of Defence' governance model operated by Tradex ensures appropriate responsibility and accountability is allocated to the identification, measurement, management, monitoring and reporting of risks.

Business management, the first line of defence, is responsible for implementing and operating processes to identify, measure, manage, monitor and report risks. As the Company is largely an outsourced model, much of first line work is carried out by third parties.

Oversight activities are not necessarily carried out by the Risk team and can be carried out by anyone working in or for Tradex, as long as they are independent from whoever carried out the work. The Risk function owns the Risk Management Framework, oversees and challenges its implementation and operation by the first line of defence, and considers current and emerging risks across Tradex.

The Third line of defence, Internal Audit, independently challenges the overall design and operation of the Risk Management Framework and provides assurance to the Tradex BAC and senior management on the adequacy of both the First and Second lines of defence, including the quality of their work.

B.5.5 Independence and Objectivity

The Group Chief Internal Auditor will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Group Chief Internal Auditor determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to the Board Audit Committee.

Internal auditors, including co-source auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment.

Co-source internal audit partners will confirm in writing to the Group Chief Internal Auditor in advance of each assignment that, with reference to Internal Audit Standards, the internal auditors performing the review are aware of independence and objectivity requirements and that should any such impairments be identified, these will be disclosed to the Group Chief Internal Auditor.

The Group Chief Internal Auditor will document, in advance of each audit assignment, the resources to be used to complete the review and confirmation that there are no known conflicts of interest.

All internal auditors, including co-source auditors will:

- disclose impairments of independence or objectivity, in fact or appearance, to the Group Chief Internal Auditor as soon as they become aware of any such impairment;
- exhibit professional objectivity in gathering, evaluating, and communicating information;
- make balanced assessments of all available and relevant facts and circumstances; and
- take necessary precautions to avoid conflicts of interest, bias, and undue influence.

B.6 Actuarial Function

B.6.1 Overview

The Actuarial Function is responsible for:

- Ensuring calculation of Technical Provisions (TPs) is undertaken using appropriate actuarial techniques.
- Validation of the calculation process and outputs (comparing expected experience against emerging experience).
- Providing opinion on the availability and suitability of data for the calculation of TPs.
- Communicating the results of the TP exercise to Management and the Tradex Board.
- Expressing an opinion on the adequacy of reinsurance arrangements.
- Expressing an opinion on the overall underwriting policy.
- Contributing to the effective implementation of the risk-management system (with respect to the risk modelling underlying the calculation of the capital requirements).
- Preparing an annual report to the Board stating how the requirements of the Actuarial Function have been discharged.

The Chief Actuary is approved by the PRA as the Actuarial Function Holder (SMF20) under the Senior Managers' and Certification Regime. He holds a Practising Certificate issued by the Institute and Faculty of Actuaries as a Chief Actuary (Non-Life without Lloyd's).

Whilst Actuarial services including Technical Provisions calculations are included in Tradex's outsourcing agreement with Markerstudy Group, ownership of the approach and results remains the responsibility of Tradex.

Independence is essential for the effectiveness of the Actuarial Function. The Chief Actuary has authority and independence through unfettered access to the Board and to any Functions, and the Actuarial Function has the freedom to remain objective in performing its work.

Quarterly Reserve reviews and Technical Provisions are presented to the Quarterly Reserve Committee and Financial Risk Committees respectively. Senior management have the opportunity to challenge the results and the Actuarial Function Holder is responsible for recommending results to the committees.

The Actuarial Function works closely with other members of the Tradex management team, for the purposes of capital forecasting, stress and scenario testing and input into the ORSA.

B.7 Outsourcing

Tradex's approach to its outsourcing activity is documented within the Saturn Third Party Supplier Risk Policy. Where the Company outsources critical or important operational functions, services and activities it remains fully responsible for discharging all of its regulatory obligations, including the Consumer Duty requirement. To do this Tradex sets the following high-level principles:

- Tradex management will exercise due skill, care and diligence when entering into, managing or terminating any arrangement for the outsourcing of an activity to a third party supplier. This is governed through a Supplier Management Framework which sets out a specific set of principles by which Tradex manages Third Party Service Provider Risk in a way that is consistent with its overall risk appetite and aligns with its purpose, values and vision.
- Any outsourcing must not result in the delegation of responsibility by senior Tradex management.
- Any third-party service provider must protect any confidential information relating to Tradex or its customers and comply with the relevant GDPR legislation.
- Tradex's relationship with, and obligations to, its customers must not be altered.
- The conditions for the authorisation of the regulated entities within Tradex must not be undermined.

Key activities outsourced are:

- Claims handling & loss adjusting (for Motor, Home & Personal Injury)
- Sales and servicing
- Financial operations and Forecast modelling
- Actuarial Reserving
- Some Banking activities
- Some elements of IT and HR Services
- Investment Management
- Internal Audit reviews

All key activities listed above fall within UK regulated jurisdiction. Some other key activities, such as claims supply chain management, are conducted on behalf of Tradex by its key outsourcing partner MISL, which is also within UK regulated jurisdiction.

B.8 Any other information

B.8.1 Adequacy of the System of Governance

As the business is growing the system of governance is being continuously developed to ensure it remains adequate based on the nature, scale and complexity of the risks inherent in the business.

B.8.2 Other Material Information

There is no further information to disclose regarding the system of governance.

C. Risk Profile

Risks are classified into Level 1 and Level 2 categories. The Level 1 risks are the highest category of inherent financial and non-financial risks to which the Company is exposed. This section describes these risks and how they are managed, measured and mitigated.

The most material risks that the Company is exposed to are insurance risk (both premium and reserve risk), operational risk, market risk, liquidity risk and credit risk.

The Risk Management Framework includes a process for setting and reporting against risk appetite. The effectiveness of this framework and reporting is monitored by the Board. This process ensures that all risk mitigation activity in place is operating effectively.

Unless stated, there has been no change in the measurement methods used over the year. Details of how each of these risks is covered within the Standard Formula Solvency Capital Requirement are shown in Section E.2.

C.1 Insurance Risk

Description

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 materially different from the original liability anticipated.

Risk Management Objective

Tradex manages insurance risk in order to achieve stable insurance earnings, a fair customer experience and to meet all regulatory requirements.

Risk Exposure

- Key risks under Motor policies relate to uncertainty with respect to the ultimate cost of claims for bodily injury to third parties, which are exposed to judicial, legislative and inflationary changes.
- Home policies are exposed to property type claims, with subsidence being the longest tailed type of claim.

Risk Measurement

Reserve risk is primarily measured by considering the movement in gross and net reserves over the last quarter/year relative to agreed thresholds. Unexpected movement in reserves is a material risk.

Pricing and Underwriting Risk is measured by considering exposure relative to plan, development of loss ratios and compliance with the underwriting and pricing guidelines.

Risk Mitigation

Mitigation technique	Explanation
Minimising reserve risk volatility through proactive claims handling, the claims provisioning process and robust reserving and modelling approaches	<p>The Company outsources its underwriting, claims handling and reserving processes. Oversight of these processes is maintained by the outsourcing agreements that are in place, the most material of which is the BAA with MISL, which is monitored on a monthly basis.</p> <p>The Chief Actuary, through the Quarterly Reserve Committee, will use the information provided by the outsourced function combined with their technical and industry knowledge to ensure robust reserving.</p> <p>The Company manages reserve risk through Tradex's Quarterly Reserving Committee which supports Tradex's Chief Financial Officer (CFO) in their responsibility to formally review claims' reserves on a quarterly basis.</p>
Mitigating Underwriting risk through oversight of pricing and underwriting and product governance	<p>Tradex has an oversight committee, the Underwriting, Pricing and Products Committee, which has responsibility for oversight, challenge and strategic direction on pricing and underwriting and ensuring that actions are put in place if any adverse trends are detected. This committee also has responsibility for product governance and ensuring that the products remain appropriate for customers' needs and generate a good customer outcome.</p>
Mitigating Underwriting risk through the use of appropriate reinsurance arrangements	<p>Reinsurance has been used to manage insurance risk. The Company has excess of loss cover in place to cover large motor and catastrophe claims. In addition, quota share arrangements are in place to cede parts of the portfolio.</p>

The Company does not use Special Purpose Vehicles (SPVs) as a means of mitigating risk.

Sensitivity Analysis

Key stresses in Insurance risk are those relating to the accuracy of reserving on prior underwriting years and the deterioration of loss ratios on the open years.

Deterioration of the 2025 Underwriting loss ratio by 10% affects profitability by £26,984k and affects the solvency coverage ratio by 17%.

Sensitivity of the technical provisions to the assumptions chosen is shown in D.2.3.

C.2 Market Risk

Description

Market risk is 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 such as interest rates and market prices of assets and liabilities.

Risk Management Objective

Tradex's objective is to deliver an appropriate balance of investment return and underlying risk, taking into account the profile of the liabilities.

Risk Exposure

- Interest rate risk: The value of, or income from, investments held is subject to volatility from changes in market interest rates.
- Discount rate risk: Changes in interest rates also affect Tradex through the discounted present value placed upon future claims. All future claims are discounted for assessing solvency on both an economic and a regulatory basis.
- Credit spread risk: Tradex is exposed to additional spreads related to the specific credit-worthiness of the issuer ("credit spreads").
- Bond default risk: The risk of loss due to default or delay in payments upon bank deposits, bonds or other money market instruments other than those issued by the UK government.
- Climate change risk: The risks arising from the adjustment to a low-carbon economy which could affect the firm's assets particularly the value of investments.
- Other market risks include risks such as equity or property risks whereby the value of investment funds is subject to volatility with the resulting movements in the market values directly affecting Company solvency.

- Currency risk: The Company writes contracts of insurance in the United Kingdom, and both insurance liabilities and borrowings are denominated in sterling. Funds include investments denominated in US dollars, Euros and Polish zloty, as well as sterling, and consequently there is a modest exposure to currency risk, however this is minimised through the use of currency hedges. Basis risk is the potential risk that arises from mismatches in a hedged position.
- Note that the Company is not exposed to any market risks in respect of pension schemes.

Risk Measurement

Market risk is primarily measured by considering compliance with the investment mandate. A forward-looking measure is also captured by considering the material risk of economic outlook and investment volatility.

Risk Mitigation

Mitigation technique	Explanation
Management of risk through governance and the investment mandate	<p>Approval of the investment mandate is the responsibility of the Tradex Board. The mandate sets strategic asset allocation and limits on investment types and durations.</p> <p>The Management Investments Committee supports the Tradex CFO in overseeing the monitoring and management of these risks and exposures against limits.</p> <p>The mandate is determined through considering the risk/reward trade off, the term and nature of the liabilities and the effect upon capital adequacy and solvency of the overall business.</p>
Management of credit spread and default risks	Through setting limits for exposure to credit ratings and individual counterparties and transacting only through a diversified range of authorised counterparties.
Management of interest rate risk through investing in securities with a similar duration profile to the liabilities under the general insurance contracts	<p>The investments are considered in terms of matching assets and surplus assets.</p> <p>Matching assets: a core portfolio of high-quality fixed income and cash investments, focused on supporting the Solvency II technical provisions and maintaining liquidity with a relatively low level of risk.</p> <p>Surplus assets: allocations to higher risk/higher return assets intended to deliver a real return on the capital surplus above the technical provisions and provide improved diversification.</p>

Sensitivity Analysis

The most significant aspects of market risk to which Tradex is exposed are changes in the value of investments and the effect of changes in credit spreads on corporate bonds. The resulting movements in the market values directly affect Tradex's solvency.

An increase of 100 basis points in credit spreads would reduce the value of the Company's assets at the end of the financial year by £3,542k. The impact of a decrease of 100 basis points in credit spreads would have similar but opposite effects. Changes in the market value of investment undertakings also affects Tradex's solvency. Every £1,000k reduction in the value of these assets impacts the overall value of the Company's assets held, with a corresponding reduction in solvency own funds offset in part by a reduction in the SCR, leading to a decrease in solvency coverage.

Climate Change

Tradex is exposed to Climate Change primarily via its underwriting and investments.

For underwriting, Tradex is exposed to the risk of a change in weather patterns which may increase claims, in particular from the Home products. The Company has an exposure to climate risk in its investment portfolio and, therefore, in market risk. There is a risk, as more investors move to sustainable investment strategies, that investments fall outside these criteria and the price falls as a result. Tradex manages these risks by considering each investment opportunity and its climate risk exposure.

Tradex has incorporated Climate Change into its Risk Management Framework and Investment Mandate and has assigned two owners who are responsible for the management and reporting of climate change from both an underwriting and a market risk respectively.

It is incumbent on the Company's management, Board and investment partners to ensure that the longer-term higher risk/higher return strategy, is managed effectively and minimises the risk of excessive exposure to climate affected sectors.

Prudent Person Principle

The Prudent Person Principle, a key element of Solvency II, requires insurance companies to invest in assets whose risks they can properly understand, monitor, and manage, while prioritising policyholder interests and ensuring the security, liquidity, and profitability of the portfolio. Tradex achieves this by putting in place a Board approved investment mandate which sets limits on the types and

amounts of assets that Tradex can invest in which ensures that market risk is managed appropriately, considering the need for Tradex to be able to meet claims as they fall due. See below for specific areas of consideration:

- **Risk Management Alignment:** The Investment Mandate is set by the Tradex Board and ensures that the investment strategy aligns to the wider overall risk management strategy.
- **Diversification:** The Investment Mandate sets clear targets and tolerances to ensure the portfolio is appropriately diversified, with no single assets or risk concentration being able to jeopardise financial stability.
- **Due Diligence:** Appropriate due diligence is performed on all new investment managers and investments, ensuring all investments are suitable and secure.
- **Liquidity Considerations:** Tradex has clear liquidity policy and tolerances and manages adherence through both long term, and more detailed short term, liquidity forecasts.
- **Transparency and Accountability:** All investment activity is overseen and governed through the Management Investment Committee (Executive sub-committee) and the Board Investment Committee (Board sub-committee).

Tradex use an Outsourced Chief Investment Officer (OCIO) model to ensure that Tradex management are supported by expertise in managing market risks both current and future. A transition to Aon as the OCIO occurred in the fourth quarter of 2025. 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. The OCIO reports to the Management Investments Committee and attends the Board Investment Committee when required.

C.3 Credit Risk

Description

Credit risk is the risk to earnings and capital arising from a counterparty's failure to meet their legal and contractual obligations.

Risk Management Objective

Tradex does not aim to earn a return from credit risk. Potential losses arising from credit risk are minimised by the use of high quality reinsurers and highly rated investments.

Risk Exposure

The Company is primarily exposed to credit risk from i) reinsurance counterparties failing to meet financial obligations and ii) non receipt of policyholder premiums, as a consequence of third parties failing to pass them on.

The Company manages credit risks arising from investments as part of market risk (see Section C.2).

Risk Measurement

Credit risk is primarily measured by considering the compliance with the credit limits.

Risk Mitigation

Mitigation technique	Explanation
The Company manages credit risk through setting limits for exposure to credit ratings and individual counterparties	Operationally, credit risk is managed by setting contract terms and having in place cashflow management processes with all counterparties, including reinsurers and distribution partners. The Financial Risk Committee supports the Tradex CFO in overseeing the monitoring and management of credit risk, including relating to broker groups, and exposures against limits.
The Company places limits over exposure to a single reinsurance counterparty or counterparty group, based upon their credit-worthiness	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. These limits apply when reinsurance is initially placed, and are then regularly monitored by the Financial Risk Committee. Where concern exists over the credit quality of a reinsurer, a review will be undertaken to determine the most appropriate management action.

Sensitivity Analysis

One of the most significant stresses would be where the largest reinsurer defaults and only 50% is recovered. This directly affects the profitability removing the reinsurance mitigation and thus proportionally reducing capital resources. There would be a negligible balancing effect on solvency counterparty exposure. This scenario is considered in more detail in section C.7.2.

C.4 Liquidity Risk

Description

Liquidity risk is the current and prospective risk to earnings or solvency arising from the Company's inability to meet its obligations when they come due without incurring unacceptable losses.

Risk Management Objective

The Company's objective is to maintain adequate liquidity at all times. This means the Company needs resources which are adequate to meet all policyholder and other funding obligations as they fall due and achieves this primarily through the use of cash and highly liquid UK government and corporate bonds.

Risk Exposure

Tradex is exposed to liquidity risk as it needs liquid assets to meet its outgoings, this is largely offset by the incoming premiums, particularly as Tradex is in a period of growth.

Risk Measurement

The model to assess liquidity takes into account projected future cashflows as the Company grows and what would be required under stressed scenarios.

Risk Mitigation

Mitigation technique	Explanation
Governance structure to monitor liquidity	The level of cash and other assets held are monitored regularly and reported to the Financial Risk Committee, with oversight by the BRC and Board. This includes monthly monitoring of liquid investments, stressed investments and amounts due from distribution partners against risk appetite limits.
The investment mandate controls the exposure to concentration risk	By setting limits on individual counterparties and credit ratings.

Sensitivity Analysis

A key liquidity risk arises from potential delays in settlement by reinsurers or distribution partners. Cash reserves are significant and any delay of payments from the distribution partner or quota share reinsurers still results in a positive cash flow.

C.5 Operational Risk

Description

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.

Risk Management Objective

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, technology and due to external events.

Risk Exposure

Tradex can divide the operational risk into the following categories:

- Financial Reporting Risk
- Technology Risk (including Cyber)
- Third-Party Supplier Risk
- Information Risk
- People Risk
- Financial Crime Risk
- Operational Resilience
- Premises and Physical Security Risk

- Model Risk
- Product Governance Risk

Risk Measurement

Each operational risk sub-category has its own risk appetite metrics and thresholds, approved by the Board Risk Committee. Of the above, the most material risks are technology risk, operational resilience, product governance risk, people risk and third-party supplier risk.

Risk Mitigation

Mitigation technique	Explanation
Operational risks are identified, managed and mitigated through on-going risk management practices including appetite review and RCSA process	Operational risks and key controls are regularly reviewed by the Executive Team. Operational risks associated with the outsourced functions are monitored through the Binding Authority Agreement. Significant operational risks are reported to the Board Risk Committee (BRC) and Board.
Operational Resilience	Tradex identifies tolerances for each key business process, with appropriate governance and oversight to ensure that these can be met at all times.
Third-Party Supplier Risk	Tradex outsources much of its day-to-day policy admin and claims handling. Outsourced activity is monitored through the Binding Authority Agreement. Appropriate management information is in place which enables oversight of the outsourced activities via dedicated committees.
Product Governance Risk	Tradex has a Product Governance and Oversight Policy in place and monitors the status and outcomes of product reviews in the Product Governance Forum
IT management	Tradex outsources the IT server infrastructure. Management information and controls are in place to monitor service levels, risk and incident monitoring using the ISO 27001 Information Security framework.

Scenario Analysis

One of the most material operational risks for Tradex would be Cyber risk. Tradex has carried out a high-level scenario analysis and estimates that a significant cyber-attack could cost the Company in the region of £5,000k, gross of tax, and would have a likelihood of less than 5%.

Tradex recognises the importance of its relationship with MISL as a material outsourcer in Tradex's business model and has completed scenario analyses on if this relationship were to fail.

C.6 Other Material Risks

C.6.1 Strategic & Business Risk

Strategic & Business risk is the risk of not meeting strategic and business objectives caused by poor or sub-optimal strategy implementation, deployment of resources, decision making, strategic change programmes, economic, regulatory or other environmental factors resulting in lost earnings and capital. This category also includes expense risk and reputation risk. Tradex has low fixed costs due to the MGA outsourcing model employed under which fees are based on variable volume.

The Company's financial objective in managing these risks is to maintain capital adequacy.

The Company's Risk Strategy is set by the Board and supported by a capital coverage risk appetite requirement. This is measured, monitored, and reported regularly to the Executive, Tradex BRC and Board.

C.6.2 Conduct Risk

Conduct risk is the risk that the Company's processes, behaviours, offerings or interactions will result in unfair outcomes or foreseeable harm for customers, in particular vulnerable customers.

The Company's objective is to offer a fair customer outcome and to meet all regulatory requirements.

Conduct risk may arise from any aspect of the way a business is conducted, the sole test being whether the outcome is an unfair one for customers. Conduct risk is a key area of focus across the financial services industry, with close scrutiny from the FCA. Although all customer contact has been outsourced to MISL, the Company retains ownership of this risk, and ensures it receives the appropriate management information to enable the Company to perform the required oversight.

Subsequent to acquiring Tradex, the 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 has established a programme of work to deliver against all the reviews recommendations and throughout 2025, management continued to strengthen its approach to Consumer Duty, ensuring that customer interests remain 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 and full remediation activity will complete that work in H1 2026. There has been no material impact to the current period financial statements, however, given the uncertainties involved in such matters, there can be no assurance regarding the eventual outcome of a particular matter or matters, or their financial impact on subsequent periods, such as costs associated with remedial activities or regulatory actions.

C.6.3 Regulatory Risk

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.

The Company's objective is to be compliant with all relevant regulatory requirements.

Regulatory risks are regularly monitored and reported to the Tradex Executive, BRC and Board (refer to section C.6.2 Conduct Risk).

C.6.4 Conflicts of Interest Risk

Conflicts of Interest Risk is the risk that financial or other 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.

Tradex has established a Conflicts of Interest policy which sets the principles for the effective identification, monitoring and management of Conflict of Interest across Saturn. Conflicts of Interest are regularly monitored and reported to the Tradex Executive and Board.

C.7 Any Other Information

C.7.1 Risk Concentration

Tradex manages concentration risk in its investments via the investment mandate which ensures an appropriate level of diversification and liability matching. In addition, reinsurance credit exposures are monitored to ensure they remain within defined limits.

Tradex manages concentration risk in its underwriting by having underwriting guidelines in place which ensure a suitable mix of exposure geographically and by underwriting class.

C.7.2 Stress Tests

C.7.2.1 Stress Tests and Sensitivity Analysis

Tradex uses Scenario Analysis, Sensitivity Analysis and Reverse Stress-Testing methods to analyse the effect of scenarios and changes in assumptions on Solvency, as well as understanding the events that would have to occur to cause Solvency Coverage to fall below the Company's risk appetite.

The Tradex Board Risk Committee, upon recommendation from the Chief Risk Officer, decide on the stresses to be modelled. In making the recommendation the existing material and strategic/emerging risks were considered.

The table below shows the scenarios considered, which risks each scenario takes into account, and the assumptions used. The stress testing calculates the effect on the solvency coverage ratio if the stressed scenario were to occur.

Key points to note on stresses:

- Market risk: Changes made to reflect the current investment portfolio for Tradex, modelling stress on a more granular level. The previous EMTN stress is now included within the overall investment stress.
- Reserve risk: Four key tests remain as per previous year.
- Credit risk: Considers a failure of top reinsurer and a new stress added to test premium debtor risk.

- Operational: No change.
- Underwriting: No change, loss ratio volatility.
- Catastrophe: No change.

Description		Primary Risk Type Impacted	Key assumptions	Return Period	Amount	
					£m	% of SCR
1	Investment stress	Market	Inflation +4.9% Rates +2.0% Reduction in various asset valuations	1 in 20 years	20-25	10%-15%
2	A) Inflation	Reserve	Uplift in subsidence claims	1 in 20 years or more	5-10	<5%
	B) Increase to BI claims		Uplift in BI claims only	1 in 20 years or more	10-15	5%-10%
	C) PPO propensity		PPO propensity increases	1 in 20 years or more	10-15	5%-10%
	D) PPO longevity		PPO life impairment reduced	1 in 20 to 1 in 100 years	<5	<5%
3	A) RI default	Credit	Largest reinsurer fails	1 in 200 years or less	10-15	5%-10%
	B) Prem Debt		Premium debt delays	1 in 20 to 1 in 100 years	<5	<5%
4	A) MISL failure	Operational	Tradex requires a new outsource partner	1 in 20 to 1 in 100 years	15-20	10%-15%
	B) Cyber failure		No access to systems for 2 weeks	1 in 20 years or more	<5	<5%
5	A) Loss ratio deterioration	Underwriting	Loss ratios deteriorate by 5%	1 in 20 years or more	15-20	10-15%
	B) Loss ratio deterioration		Loss ratios deteriorate by 10%	1 in 20 to 1 in 100 years	25-30	15-20%
6	A) 1 cat event	Catastrophe	1 cat event which goes 50% into the XoL cover	1 in 20 to 1 in 100 years	<5	<5%
	B) 2 cat events		2 cat events which each go 50% into the XoL cover	1 in 100 to 1 in 200 years	5-10	5%-10%
	B) 2 cat events followed by storm		2 cat events which each go 50% into the XoL over, followed by 1 further storm which does to the top end of the cover available. Reinstate cover.	1 in 200 years or less	10-15	5%-10%
Reverse stress		Combination of the above				

The investment stress is calculated by assessing the combined impact on own funds of changes in the yield curve, credit spreads and the valuation of various other assets.

The MISL failure stress is based on the cost of transferring to an alternative provider in the event that MISL is no longer able to fulfil its requirements.

Timing of the Stresses

All of the stress tests are assumed to occur in H1 2026 as this is when the impact would be greatest in terms of the quantitative impact of the stress.

Sensitivity Testing

The table below shows the expected impact to the income statement of the various sensitivities, where an impact is “material” if it is 2% of the net assets.

Return Period	Impact on future P&L
Reserves +/-10%	Material impact
Loss Ratio +/-10%	Material impact
Net Premiums +/-10%	Material impact
Expense base +/-10%	Material impact
Investment returns +/-10%	Low impact

D. Valuation for Solvency Purposes

This section of the report focuses on the valuation of assets, technical provisions and other liabilities on the Solvency II balance sheet. For each material class of asset and liability under Solvency II, it describes the bases, methods and main assumptions used in the valuation, and where relevant, how this differs to the approach taken in the preparation of the Company's statutory financial statements prepared under UK GAAP.

It should be noted that differences between the UK GAAP and Solvency II balance sheets arise from both valuation and presentational factors. The balance sheet format and classification requirements prescribed under Solvency II differ from the UK GAAP equivalents, resulting in presentational reclassifications between the line items. However, the primary focus of this section is on valuation methodologies rather than these presentational reclassifications.

The table below shows the balance sheet at the end of the reporting period under both a Solvency II and a statutory accounts basis. The general valuation principle under Solvency II is that assets and liabilities are valued on an economic basis, being the amount for which they could be exchanged between knowledgeable and willing parties in an arm's length transaction. Further detail of the bases, methods and main assumptions used is set out in Section D.1 (assets), Section D.2 (technical provisions) and D.3 (other liabilities).

Valuation of assets and liabilities	UK GAAP	Reclassifications	SII Valuation Adjustment	Solvency II
	£000	£000	£000	£000
Assets				
Deferred acquisition costs	24,179	-	(24,179)	-
Deferred tax assets	8,408	-	(4,874)	3,534
Property, plant & equipment held for own use	665	-	(611)	54
Investments	295,486	(25,002)	-	270,484
Loans and mortgages	33,140	27,417	-	60,557
Reinsurance recoverables	473,523	(174,953)	(74,176)	224,394
Insurance and intermediaries receivables	254,903	(249,447)	(4,605)	851
Reinsurance receivables	98,364	(13,905)	(42,145)	42,314
Receivables (trade, not insurance)	24,056	(2,292)	(6,323)	15,441
Cash and cash equivalents	122,786	4,624	-	127,410
Any other assets, not elsewhere shown	-	-	-	-
Total assets	1,335,510	(433,558)	(156,913)	745,039
Liabilities				
Technical provisions	842,971	(238,007)	(122,725)	482,239
Derivative liabilities	-	3	-	3
Insurance and intermediaries payables	12,550	(7,742)	(4,495)	313
Reinsurance payables	189,122	(187,812)	(1,197)	113
Payables (trade, not insurance)	35,747	-	-	35,747
Subordinated liabilities	30,000	-	(219)	29,781
Any other liabilities, not elsewhere shown	42,901	-	(42,901)	-
Total liabilities	1,153,291	(433,558)	(171,537)	548,196
Excess of assets over liabilities	182,219	-	14,624	196,843

D.1 Assets

D.1.1 Valuation Bases and Assumptions

Deferred Acquisition Costs

On a statutory accounts basis, the directly attributable costs of acquiring insurance contracts are deferred and recognised as an asset on the balance sheet. This asset is amortised over the life of the policy in line with the earning of the associated premium.

Under Solvency II, deferred acquisition costs have no value. This reflects the economic valuation basis, where only future cash flows are recognised, and there is no concept of deferring costs that have already been incurred. All future cashflows directly attributable to insurance contracts, including acquisition costs, are taken into account within Technical Provisions. This results in a valuation adjustment that reduces assets on the Solvency II balance sheet relative to the statutory basis.

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognised and valued in accordance with the principles set out in FRS 102 under both UK GAAP and Solvency II. Deferred tax arises in respect of temporary differences between the carrying value of assets and liabilities and their tax base.

Under Solvency II, deferred tax assets and liabilities are measured based on the temporary differences between the Solvency II carrying values of assets and liabilities (recognised and valued in accordance with the Valuation and Technical Provisions parts of the PRA Rulebook for Solvency II firms) and the tax base, rather than the UK GAAP carrying values used in the statutory accounts.

In accordance with FRS 102 principles, 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 balance sheet date.

Deferred tax assets are recognised only to the extent that:

- there are appropriate deferred tax liabilities against which the asset can be netted off, or
- it is considered 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.

The assessment as to whether future taxable profits will be available is based on the Company's approved business plan. Based on forecast profits, the Company recognises the element of the deferred tax asset that is expected to be utilised within the planning horizon. At 31 December 2025, the Company had an unrecognised deferred tax asset of £298k on a UK GAAP basis, relating to timing differences of £1,192k between depreciation and capital allowances on fixed assets. These have not been recognised on the basis that they will unwind outside of the forecast period.

The deferred tax asset on the Solvency II balance sheet is comprised as shown in the table below:

Item	Solvency II	UK GAAP
	£000	£000
Recognised deferred tax (assets)/ liabilities		
Capital allowances and other UK GAAP temporary differences	(79)	(79)
Tax on losses	(8,329)	(8,329)
UK GAAP to SII temporary differences	4,874	-
Net recognised deferred tax (asset)/liability	(3,534)	(8,408)
Unrecognised deferred tax (assets)/liabilities		
UK GAAP temporary differences not recognised for tax purposes	(298)	(298)
Net unrecognised deferred tax (asset)/liability	(298)	(298)

The net deferred tax asset primarily is comprised of carried forward UK GAAP tax losses which may be utilised against future profits and also includes the effect of expected future tax depreciation in excess of accounting depreciation in relation to fixed assets. The UK GAAP to SII temporary differences relate to differences between the value of assets and liabilities on the Solvency II balance sheet and their value on the UK GAAP balance sheet. The net deferred tax asset of £3,534k on a Solvency II basis is classified as Tier 3 Own Funds. The table in section E.1.2 shows the amount recognised as Eligible Own Funds to meet the SCR and MCR requirements.

Property, plant and equipment ('PPE')

Property, plant and equipment is measured under FRS 102 at cost less accumulated depreciation and impairment. Depreciation is recognised over the estimated useful economic life of each class of PPE. For Solvency purposes, PPE is valued at fair value where there is an active market. However, software assets have been valued at £nil for Solvency purposes, as it is considered that there is no active market for these assets. The remaining PPE is not material and relates to computer equipment, for which cost less depreciation is considered to be a reasonable approximation of fair value.

Investments, including other loans and mortgages

Tradex holds a portfolio of investments, being holdings in debt securities (government bonds and corporate bonds), equities and other loans and mortgages. Investments are denominated in sterling, US dollars and Euros. The Company has also entered into

hedging arrangements to mitigate the FX risk associated with its investment portfolio, including some underlying exposures. The currency hedges are included within derivative assets or derivative liabilities, as appropriate, and are valued at fair value.

There are no valuation differences between UK GAAP and Solvency II for these assets, as they are measured at fair value on both bases. There are two presentational adjustments that drive the bridge between the two balance sheets. First, under Solvency II, accrued interest is included within the carrying value of the relevant investment, whereas under UK GAAP it is recognised separately as a receivable. Second, for regulatory reporting purposes certain securities are presented in accordance with their underlying risk profile and their treatment under the Standard Formula SCR, which results in an equal and opposite adjustment from Investments into the Other Loans and Mortgages lines of the Solvency II balance sheet.

Fair value measurements are those derived from inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Full details of the fair valuation methodology applied to the Company's investments, including loans and mortgages, are set out in Note 3c to the Company's 2025 Annual Report and Accounts. For further analysis of investments by IFRS category and a description of the valuation technique applied to each refer to Note 32 to the Company's 2025 Annual Report and Accounts. Where alternative valuation methods are applied, detail is also given in section D.4 of this report.

Reinsurance Recoverables

The value of reinsurance recoverables reflects the expected claims and benefits arising under reinsurance contracts, with an appropriate allowance to reflect counterparty risk. To the extent that the Solvency II valuation of the related gross technical provisions differs from the valuation in the statutory accounts, the value of the related reinsurance contract will also be impacted. As reinsurance recoverables form part of Solvency II Technical Provisions, details of the valuation approach and differences to the statutory accounts basis are set out in Section D.2.

Under Solvency II, adjustments are made in line with the Company's Voluntary requirement ('VReq'), which means amounts due under profit share arrangements can only be recognised two years or more after the end of the relevant underwriting period, once the underwriting result is more certain. In addition, reclassifications of certain balances to technical provisions are required under Solvency regulations.

Insurance and Intermediary Receivables

Under Solvency II this balance relates to amounts due for payment by policyholders, intermediaries and other third parties linked to insurance business. The valuation is based on the outstanding amount owed to the business at the end of the reporting period, less an appropriate allowance for estimated irrecoverable amounts.

Under UK GAAP, insurance and intermediary receivables include future cash flows that are not yet due for payment. However, under Solvency II, balances that are not yet due are included in the expected cash flows within Technical Provisions rather than as receivables. This represents a significant presentational difference between the two bases.

All insurance and intermediary receivables are annual and therefore, as they are recoverable within one year, are deemed to be short term. As such, the carrying value approximates fair value and there are no material valuation differences between UK GAAP and Solvency II for the amounts recognised as receivables.

This balance also includes performance related profit share income from co-insurance partners. Under UK GAAP, this income is recognised in line with the booked loss ratio relevant to the co-insurer business at the reporting date. Under Solvency II, in line with the VReq, income is only being recognised two years or more after the end of the relevant underwriting period, once the underwriting result is more certain. This results in a lower valuation of the receivable under Solvency II.

Reinsurance Receivables

Reinsurance commission income typically varies dependent on the loss ratio of business ceded. Under UK GAAP, commission is recognised in line with the observed loss ratio. Under Solvency II, in line with the Company's VReq, only the minimum commission is initially recognised as a receivable, with additional income due in line with emerging loss ratios recognised two years after the end of the underwriting year. This results in a lower valuation of the receivable under Solvency II.

Receivables (trade, not insurance)

This category includes any non-insurance amounts that are receivable from business partners, including intergroup balances. Intergroup loans bear interest at market rates and for Solvency II purposes, fair value is deemed to be aligned to the UK GAAP valuation, as these receivables are short term in nature.

Also included under this heading are prepayments, which are recognised under UK GAAP to reflect payments made in respect of goods or services to be received in future periods. Under Solvency II, prepayments are assigned a £nil value because they are considered to represent contractual rights that could not be sold to a third party and therefore have no value on an arm's length transaction basis. This results in a valuation difference that reduces assets on the Solvency II balance sheet relative to the statutory accounts.

Cash and Cash Equivalents

This category includes cash held in bank accounts to meet short-term cash commitments, and cash held within the investment accounts. There are no valuation differences for cash between Solvency II and UK GAAP, however, cash and cash equivalents in the Solvency II balance sheet includes amounts held in trust by third parties which are recognised as debtors under UK GAAP.

D.1.2 Changes Made to the Recognition and Valuation Bases Used or Estimations During the Reporting Period

There are no changes to the recognition and valuation bases used or estimations from the previous period to report.

D.1.3 Assumptions and Judgements About the Future and Other Major Sources of Estimation Uncertainty

There are no significant assumptions and judgements or areas of uncertainty in the valuation of assets other than those relating to level 3 investments, as described in section D.1.1.

D.2 Technical Provisions

D.2.1 Value of Technical Provisions

Technical Provisions (TPs) represent the sum of Best Estimate liabilities and Risk Margin.

The value of Best Estimate liabilities equates to the estimated net outwards cash flows in respect of business earned to date (Claim Provisions) and business to be earned in future but for which Tradex has entered into a legal obligation with the customer (Premium Provisions).

The Risk Margin is an additional provision prescribed by the regulator which insurance companies are required to hold in addition to the Best Estimate liabilities.

The table below shows a summary of the level of TPs by line of business at the end of 2025:

TPs	Motor Liability	Motor Other	Fire & Other damage	General Liability	Non-life annuities	Total
	£000	£000	£000	£000	£000	£000
Best estimate liabilities (net)	206,478	17,820	17,900	3,423	1,087	246,708
Risk margin	8,423	1,738	714	153	109	11,137
Total technical provision (net)	214,901	19,558	18,614	3,576	1,196	257,845
Reinsurance recoverables	211,450	(30,168)	169	811	42,132	224,394
Total technical provision (gross)	426,351	(10,610)	18,783	4,387	43,328	482,239

A description of the bases, methods and main assumptions used to calculate the Technical Provisions is included below.

D.2.1.1 Claims Provisions

Claims Provisions relate to events that occurred on or before the reporting date and comprise all material future in and out going cash flows.

Claims Provisions are calculated by line of business and key claim type, by suitably qualified personnel, using a combination of recognised actuarial and statistical techniques in order to calculate the total cost of claims, which then form the main part of the provision.

These techniques include:

- Projecting historic numbers of claims, claims payments, recoveries and incurred data – Chain Ladder technique.
- Average cost per claim methods are used for additional insight in certain areas.
- Bornhuetter-Ferguson techniques based on cost per policy, cost per claim and loss ratio.
- Large value Motor claims are projected on an individual basis in order to calculate expected reinsurance recoveries.

Extensive analysis of detailed claims data, including individual case estimates, is undertaken to derive patterns in claims costs. The most common method used to derive patterns is called the Chain Ladder method.

Once an estimate of the future claims cost has been calculated, the timing of future cash payments is estimated. This is based on past claims payment experience. These future payments are then discounted using a discount rate prescribed by the PRA and adjusted to take into account the following items which are described in more detail below:

- Reinsurance claims.
- Expenses.
- Events not in data (ENID). For example, Latent claims.

Reinsurance – A provision is included to allow for the expected amount of reinsurance premium payable and is dependent upon the volumes of business written during the year of cover. The estimated premium will be in respect of exposure to claim events occurring on or before the balance sheet date. This provision is offset by the expected claims costs to be paid by the reinsurer.

Expenses – A provision is held for the expected expenses associated with settling the existing claims. These are made up of claims handling expenses and an allocation of other management and administration costs relating to the settlement of the outstanding claims costs using figures from the business plan on a claims' run-off approach.

ENID – There is a possibility that claims could arise in future from causes which are not yet known about. Tradex consider possible events when calculating an allowance.

High-level assumptions underlying the Claims Provisions are agreed and signed off by senior management.

These include:

- In respect of existing Periodic Payment Order (PPO) cases, it is assumed that care costs will increase in line with expected earnings or price inflation as appropriate for each case and that an individual's life expectancy is in line with expert opinions (or the general population where these are not available). In addition, allowance is made for possible future PPO cases. Such costs are then discounted at the Risk Free Rate in line with known PPO claims.
- Inflation – in respect of calculating Gross Reserves, judgement is required as to whether future inflation of claims costs is in line with that implicit in the base data. Any difference is allowed for explicitly in the calculation of the undiscounted reserves. Likewise, explicit inflation is allowed for in deriving the reinsurance recoveries for Motor claims by indexing both the claims cost and reinsurance retention until settlement.
- Expenses – The level of expenses to be incurred in respect of the business included within the Claims Provisions needs to be allowed for until all such liabilities have been settled.

The Key Assumptions in the projection analysis carried out are as follows:

- The development factors selected for the Best Estimate projections reflect the mean expectation of future development.
- The groupings chosen by product and claims description code/payment code/peril code are broadly homogeneous.
- The development ratios in the data, after making appropriate allowance for known trends, will be repeated in future.
- No significant events occurred after the cut-off point of data.

D.2.1.2 Premium Provisions

Premium provisions relate to claims events occurring after the financial year end date in relation to the remaining in-force coverage period of policies. The projections comprise all future claims payments and claims management expenses arising from those events. These projections are based on rating and other models used for current business to determine the likely level of ultimate claims to be incurred. For UK GAAP an unearned premium provision is made for this business.

Premium provisions are reduced by the amount of expected future premium cash inflows, including premiums not yet due on incepted business.

D.2.1.3 Risk Margin

Risk Margin is the additional amount of provision prescribed by the regulator which insurers are required to hold over and above the value of the Best Estimate liabilities. The Risk Margin is described in more detail in Section D.2.2.

D.2.2 Simplifications

A simplified approach has been taken to the calculation of the Risk Margin. The Company makes use of the 'modified duration' approach detailed in this guideline.

The Risk Margin is set to the cost of holding regulatory capital (at a prescribed cost of capital of 4% p.a.) while liabilities run off with the purpose of making the overall TPs equal to the amount that another company would require to take over and meet the insurance liabilities.

It is apportioned to Solvency II class of business according to the standalone initial SCR.

The calculation depends heavily on the mix of business. Higher risk business segments require a larger SCR, and this directly increases the Risk Margin, but there is prescribed diversification credit between classes of business. In addition, longer-tailed classes of business need to be supported by capital for longer and tend to add more to the Risk Margin. Consequently, the calculation is sensitive to the assumed run-off pattern for each segment of the business. The calculation includes an allowance for discounting and so is sensitive to the risk-free rate.

D.2.3 Uncertainty

The uncertainty existing within TPs is primarily due to the random nature of how claims develop and is impacted by both external and internal factors. For example, inflation may be higher or lower than expected or claims may be settled more quickly or slowly than anticipated.

Assessment of the uncertainty of key assumptions through sensitivity testing of plausible alternative views gives management a clearer understanding of the key risks and provides an indication of the level of confidence in the reported reserves. Sensitivity analysis is performed to understand the effect of key inputs which include the most material assumptions.

The results of the sensitivity analysis on the value of the TPs are shown below:

Uncertainty	Alternative view	Impact
		£000
Loss ratio	2025 loss ratio 2.5% points higher than assumed	13,715
Inflation	Increase in Motor Liability Claims Provisions by 5% due to higher inflation	9,391

D.2.4 Analysis of Differences Between the Valuation of Technical Provisions on a Financial Reporting Basis (UK GAAP) and Valuation on a Solvency II UK Basis

The Solvency II claims provisions are closely aligned to the UK GAAP best estimate reserves, with the main exception being the change in discounting basis.

All provisions are discounted under Solvency II whereas under UK GAAP, most of the claims' reserves are not discounted. PPO claims are discounted at a fixed rate assessed annually based on the investment return expected from assets backing these liabilities under UK GAAP, compared to the prescribed rates under Solvency II.

The following explains the movements between TPs held for UK GAAP reporting purposes and those for Solvency II purposes, as at the end of the reporting period. Where appropriate, values are shown for Motor (including the Motor liability, PPOs and Other motor insurance lines of business) and Non-Motor (mainly the Fire and other damage to property insurance and General Liability lines of business).

Net UK GAAP reserves are the UK GAAP Gross Insurer Contract Liabilities, as shown in the balance sheet at the beginning of Section D £842,971k, less reinsurance recoverables £473,523k. The following table shows the movement from UK GAAP Insurer Contract Liabilities to Net UK GAAP reserves, then the adjustments made to move to Solvency II basis net technical provisions.

Waterfall of technical provisions	Motor Liability	Motor Other	Non-Motor	Non-Life Annuities	Total
	£000	£000	£000	£000	£000
UK GAAP Insurer Contract Liabilities	738,462	68,942	35,567	-	842,971
Reinsurance recoverables	(411,997)	(44,026)	(17,500)	-	(473,523)
UK GAAP Net TPs	326,465	24,916	18,067	-	369,448
Future premium receivable	(21,589)	(5,981)	7,512	-	(20,058)
Salvage and subrogation reclass	(42,995)	-	-	-	(42,995)
Difference between unearned premiums and future claims on unearned premiums	(3,214)	(1,095)	(4,251)	-	(8,560)
SII discounting	(38,533)	(642)	(1,082)	(5,485)	(45,742)
ENIDs	4,610	343	219	222	5,394
Expenses	5,940	471	265	-	6,676
Allowance for RI default	991	-	648	-	1,639
Inflation PPOs	4,451	-	-	-	4,451
Other	(891)	118	(71)	(29)	(873)
Remove management margin and replace with risk margin	(13,846)	1,428	883	-	(11,535)
PPOs moved to Life	(6,488)	-	-	6,488	-
Solvency II Net TPs	214,901	19,558	22,190	1,196	257,845

The Solvency II Net TPs are as shown in Section D.2.1.

D.2.5 Matching Adjustment

Tradex does not apply a Matching Adjustment.

D.2.6 Volatility Adjustment

Tradex does not apply a Volatility Adjustment.

D.2.7 Transitional Interest Rate

Tradex has not applied the transitional risk-free interest rate.

D.2.8 Transitional Deduction

Tradex has not applied the transitional deduction to the TPs.

D.2.9 Impact of Reinsurance and Special Purpose Vehicles

Tradex has a number of different reinsurance arrangements in place. The main ones are:

- The Motor Excess of Loss (XoL) Risk programme covers large individual motor losses.
- There are quota share arrangements whereby a proportion of the net premium earned during 2004-2025 is ceded. The quota share arrangements apply after other reinsurance covers.
- The Catastrophe XoL Risk programme covers large individual Home losses.

Tradex does not use Special Purpose Vehicles.

D.2.10 Material Changes in Assumptions from Previous Reporting Period

Reserving assumptions and methodologies are reviewed regularly. A number of refinements have been made across the year, but none of these changes have been material from the calculation of Technical Provisions as at 31 December 2024.

D.3 Other Liabilities

D.3.1 Valuation Bases and Assumptions

This section provides detail of material classes of the Company's liabilities other than Technical Provisions covered in Section D.2, including the valuation bases and key assumptions applied for Solvency II purposes. The values of these liabilities under both Solvency II and UK GAAP can be found in the balance sheet presented at the beginning of Section D.

Insurance and Intermediaries Payable

This balance comprises:

- Commission payable on premiums not yet received and premiums collected in advance of the due date. These balances are short term in nature and therefore reflect the current market value in line with the Solvency II valuation hierarchy.
- Amounts recoverable under co-insurance arrangements. Where the company is the lead insurer in co-insurance arrangements, the future claims which the Company will settle on behalf of the co-insurer and then recover are recognised within this section under UK GAAP. Under Solvency II, these liabilities are offset against any corresponding debtors or cash held within intermediary trust bank accounts for the purpose of settling the future claims, which are shown as cash.
- Performance related profit shares due to intermediaries. These are recognised in line with the relevant booked loss ratio at the reporting date for UK GAAP. Under Solvency II the treatment of the payments due are accounted for under two methods:
 - For amounts due which have a connected profit share income recorded within intermediary receivables under UK GAAP which has not been recognised under Solvency II, and for which the value of both the incoming and outgoing payments are directly correlated, the payment will not be recognised in the SII balance sheet following the same treatment as the income. Both the income and the payment will be reconsidered for recognition in the future following the same timeframe once the results of the underwriting performance becomes more certain.
 - For amounts due which are related to the performance of a broader set of products and are therefore not easily correlated to any income, these amounts are retained as liabilities within the Solvency II balance sheet but are reallocated to offset against debts from the same counterparty where available.

Reinsurance Payables

As explained in Section D.1.1 above, contracts with reinsurers that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts. The Company has three main reinsurance arrangements: Motor and Catastrophe XoL programmes and quota share arrangements. Under UK GAAP the reinsurance payables and receivables under XoL are recognised on the balance sheet gross while the quota share is presented net where these are on a funds withheld basis.

The Technical Provisions in the Solvency II balance sheet include all amounts payable and receivable under the XoL programme. The amounts are recorded at their contractual value.

Payables (Trade, not Insurance)

This balance relates to liabilities due to suppliers which are not directly insurance-related, including taxes and levies and, on a Solvency basis, accruals.

These balances are short term in nature and therefore the UK GAAP carrying value is considered to reflect the current market value in line with the Solvency II valuation basis.

Subordinated Liabilities

Subordinated liabilities are valued at their fair value under Solvency II determined using a discounted cash flow approach with a discount rate that reflects current market conditions. No adjustments are made for changes in Tradex's own credit standing since the liabilities were issued.

Under UK GAAP, the subordinated liabilities are measured at amortised cost. This is a historical cost-based measure, applying the effective interest rate established when the liability was first issued, to calculate interest expense over the life of the loan. This gives rise to a valuation difference when compared to the Solvency II fair value approach.

Contingent Liabilities

As at 31 December 2025, the Company had no material contingent liabilities to report on the Solvency II balance sheet.

Under Solvency II, contingent liabilities are required to be recognised and measured at their expected present value, calculated using a probability-weighted cash flow approach. In contrast, under UK GAAP, a contingent liability is disclosed in the notes to the accounts but not recognised on the balance sheet, unless an outflow of resources becomes probable.

Any other liabilities, not elsewhere shown

This is a category for all liabilities not recognised elsewhere on the balance sheet. For Tradex, the UK GAAP balance represents the reinsurers' share of deferred acquisition costs, which reflects commissions and other benefits received in respect of ceded business that is deferred as a liability and released over the period of the underlying reinsurance coverage. This liability is valued at £nil under Solvency II as the concept of income deferral does not align with the economic valuation basis. All future cash flows on reinsurance contracts are taken into account within Solvency II technical provisions.

D.3.2 Changes Made to the Recognition and Valuation Bases Used or Estimations During the Reporting Period

There are no changes to the recognition and valuation bases used or estimations from the previous period to report.

D.3.3 Assumptions and Judgements About the Future and Other Major Sources of Estimation Uncertainty

There are no significant assumptions and judgements or areas of uncertainty in the valuation of other liabilities.

D.3.4 Expected Timing of any Outflows of Economic Benefits

The expected timing of cash outflows relating to contingent liabilities is unknown, owing to their nature. However, there are currently no material contingent liabilities. Debts owed to credit institutions, insurance and intermediaries payable and other liabilities are settled throughout the year with all such balances due in less than one year.

D.3.5 Analysis of Differences Between the Valuation of Other Liabilities on a Financial Reporting Basis (UK GAAP) and Valuation on a Solvency II UK Basis

A quantitative view of material differences between the valuation of other liabilities on a Financial Reporting basis and valuation on a Solvency II basis is shown in the balance sheet at the beginning of Section D.

D.4 Alternative Methods for Valuation

Under Solvency II, assets and liabilities are required to be valued at the amount for which they could be exchanged between knowledgeable and willing parties in an arm's length transaction. The regulatory framework establishes a valuation hierarchy, reflecting the degree of reliance on market inputs and permitting the use of alternative methods for valuation where necessary.

The preferred approach is to use quoted prices from active markets. However, where such prices are not available or not considered representative, a valuation approach must be taken that aligns with Solvency II's underlying market-consistent valuation basis.

Subordinated liabilities are valued using a market consistent approach in accordance with PRA regulations. The value is calculated using a discounted cashflow model which seeks to estimate the market value at the reporting date. As required under the Valuation part of the PRA Rulebook, no adjustments are made for changes in Tradex's own credit standing in the period between the date of issuing the loans and the reporting date.

Some of the Company's equities and asset-backed lending cannot be valued at prices derived from inputs that are observable for the asset. These investments are disclosed as level 3 investments in Note 32 to Tradex's 2025 Annual Report and Accounts. Where this is the case, these are valued initially at fair value, being purchase price on the date on which Tradex commits to purchase. Directly attributable transaction costs are expensed immediately on recognition. Subsequent valuation is fair value, using the effective interest rate method, which is considered the most appropriate approach for these asset types.

Managers may use the following valuation techniques to calculate the fair value of credit assets:

- 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, are 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.

D.5 Any Other Information

Going concern

The SFCR is 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.

E. Capital Management

E.1 Own Funds

E.1.1 Objectives, Policies and Processes for Managing Own Funds

E.1.1.1 Background and Objectives

Own Funds represent Tradex's available financial resources ('capital') under the Solvency II regime which can serve as a buffer against risks and absorb financial losses.

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.

The policies and processes employed by Tradex are designed to benefit policyholder protection by giving management an accurate understanding of the amount and quality of Tradex's Own Funds. This helps Tradex to ensure that sufficient Own Funds are held to absorb unexpected losses and maintain solvency. This is a key focus in Tradex's business planning. The planning horizon considers results through to the end of 2030.

E.1.1.2 Policies and Processes

The Board sets Capital Risk Appetite, which defines how much additional capital the Company should hold over and above its regulatory capital requirement. This coverage in excess of 100% provides an additional cushion beyond the regulatory capital requirement, providing additional security for policyholders by ensuring that Tradex can continue to meet its obligations under a severe adverse scenario.

Tradex has maintained capital above all its regulatory requirements throughout the period. The Company has also maintained sufficient capital to meet the Board's capital Risk Appetite that was in force.

Tradex reviews solvency regularly, with reports provided to the Board periodically, and more frequent monitoring of key components. 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.

E.1.2 Analysis of Own Funds by Tier

The table below shows Own Funds by tier and the amount of eligible Own Funds versus the SCR and MCR at the end of the reporting period.

	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3	2025 total	2024 total	Movement
	£000	£000	£000	£000	£000	£000	£000
Ordinary share capital	12,138				12,138	12,138	-
Share premium account	154,275				154,275	116,775	37,500
Reconciliation reserve	6,896				6,896	14,125	(7,229)
Perpetual restricted tier 1 notes		20,000			20,000	20,179	(179)
Tier 2 subordinated liabilities			29,781		29,781	30,315	(534)
Net deferred tax assets				3,534	3,534	905	2,629
Total basic own funds after deductions	173,309	20,000	29,781	3,534	226,624	194,437	32,187
Total available own funds to meet the SCR	173,309	20,000	29,781	3,534	226,624	194,437	32,187
Total available own funds to meet the MCR	173,309	20,000	29,781	-	223,090	193,532	29,558
Total eligible own funds to meet the SCR	173,309	20,000	29,781	3,534	226,624	194,437	32,187
Total eligible own funds to meet the MCR	173,309	20,000	8,699	-	202,008	170,091	31,917
Solo SCR					153,542	131,097	22,445
Solo MCR					43,498	34,377	9,121
Ratio of eligible own funds to SCR					147.6%	148.3%	(0.7%)
Ratio of eligible own funds to MCR					464.4%	494.8%	(30.4%)

Under Solvency II regulations the excess of assets (other than deferred tax assets) over liabilities is classified as unrestricted Tier 1 capital.

Tier 1 Unrestricted Own Funds comprise share capital, share premium and the reconciliation reserve. Deferred tax assets are classified as Tier 3 Own Funds. When added to the Tier 1 Restricted Own Funds and Tier 3 Own Funds they equate to the value of the excess of assets over liabilities in the Solvency II balance sheet. The reconciliation reserve represents the changes resulting from valuation differences between UK GAAP versus Solvency II as well as retained earnings and other reserves.

Perpetual restricted tier 1 notes relate to £20,000k notes issued on 28 June 2024 and charged at 20.0% interest per annum. The tier 2 subordinated liabilities relate to £30,000k notes issued on 28 June 2024, maturing on 28 December 2034, charged at 12.0% interest per annum.

Non-compliance occurs when the value of eligible own funds falls below the MCR or the SCR. As at 31 December 2025, Tradex has exceeded both the MCR and SCR with coverage of 464.4% (2024: 494.8%) and 147.6% (2024: 148.3%) respectively. Tradex has been compliant with both the MCR and the SCR throughout the reporting period.

No restrictions are applied against available own funds to meet the SCR requirements, however, the Tier 2 subordinated liabilities are restricted to 20% of the MCR and Tier 3 assets are restricted to nil when calculating available own funds to meet the MCR requirements.

E.1.2.1 Tier 1

Share Capital

All the shares constitute a single class of ordinary share and are owned by Saturn Holdings plc. During the year, Tradex issued £37,500k additional share capital to Saturn.

On 30 June 2025, Saturn Holdings plc subscribed for 3 new shares issued by Tradex for £7,500k. 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 shares issued by Tradex for £30,000k. This equates to an increase in share capital of £12 and an increase in share premium of £29,999,988 at the subscription date.

Reconciliation Reserve

The reconciliation reserve is derived by taking the excess of assets over liabilities from the balance sheet and reducing it by the value of ordinary share capital, share premium, the perpetual Restricted Tier 1 notes, and deferred tax assets, which are presented as separate components of Own Funds. As such, it includes the accumulated profits of the Company on a Solvency II basis.

The reconciliation reserve is calculated as follows:

Calculation of reconciliation reserve		2025
		£000
Excess of assets over liabilities		196,843
Less:		
Share capital		(12,138)
Share premium		(154,275)
Perpetual restricted tier 1 notes		(20,000)
Deferred tax assets		(3,534)
Reconciliation reserve		6,896

The value of the reconciliation reserve is directly related to the value of the excess of assets over liabilities and is therefore subject to potential volatility of those assets and liabilities. Regular Solvency II balance sheet forecasting is undertaken to monitor the expected future value of assets and liabilities. Where risks are identified, management actions are undertaken to mitigate any impact on solvency coverage.

Other Tier 1 Capital

The Company has issued £20,000k perpetual restricted tier 1 notes, charged at 20.0% interest per annum, which are classified as Tier 1 Restricted Own Funds. The notes were issued by Tradex in June 2024.

E.1.2.2 Tier 2 – Subordinated Debt

The Group holds £30,000k subordinated tier 2 notes, charged at 12.0% interest per annum, which were issued by Tradex in June 2024.

E.1.2.3 Tier 3 – Deferred Tax

A deferred tax asset is recognised when future taxable profits are deemed available within the planning horizon to utilise the asset. The deferred tax asset recognised by Tradex is detailed in Section D.1.

E.1.2.4 Changes in Own Funds by Tier Over the Reporting Period

Changes in Own Funds by Tier Over the Reporting Period	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	£000	£000	£000	£000	£000
Prior year	194,437	143,038	20,179	30,315	905
Increase in share premium	37,500	37,500	-	-	-
Movement in reconciliation reserve	(7,229)	(7,229)			
Movement in perpetual restricted tier 1 notes	(179)	-	(179)	-	-
Movement in tier 2 subordinated debt	(534)	-	-	(534)	-
Change in valuation of deferred tax assets	2,629	-	-	-	2,629
Current year	226,624	173,309	20,000	29,781	3,534

E.1.3 Other Information in Relation to Own Funds

E.1.3.1 Loss Absorbency Mechanisms

Tradex has £20,000k Tier 1 restricted capital relating to perpetual notes which would be written off on occurrence of a trigger event, which is defined as one of the following:

- The SCR coverage falls to 75% or below; or
- The SCR is breached for three months; or
- The MCR coverage falls to 100% or below.

E.1.3.2 Total Equity Under UK GAAP versus Basic Own Funds Under Solvency II UK

Equity valuation	2025
	£000
Total Equity per Annual Report and Accounts	182,219
Difference in valuation of assets and liabilities for Solvency II	14,624
Tier 2 subordinated debt	29,781
Basic Own Funds under Solvency II	226,624

Differences in valuation of assets and liabilities between UK GAAP and Solvency II are described in Sections D.1.1 (Assets) and D.2.4 (Technical Provisions). The adjustments described have the effect of increasing the value of Own Funds by the same value as the difference in net assets, being £14,624k. Tier 2 subordinated debt of £29,781k is also added back to Basic Own Funds but remains a liability under UK GAAP, meaning that Basic Own Funds are £44,405k higher than Equity under UK GAAP.

E.1.3.3 Transitional Arrangements

Transitional arrangements, lasting a maximum of ten years from 1 January 2016, have been introduced to the Solvency II regime to provide a smooth transition between Solvency I and Solvency II requirements. The Company does not have any Basic Own Fund items that are subject to transitional arrangements.

E.1.3.4 Ancillary Own Funds

The Company does not have any Ancillary Own Funds.

E.1.3.5 Items Deducted from Own Funds

No items have been deducted from Own Funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Under the Solvency II regime, there are two prescribed levels of regulatory capital: the Solvency Capital Requirement (“SCR”) and the Minimum Capital Requirement (“MCR”). The SCR represents the level of Own Funds that an insurer is required to hold in order to ensure that it can absorb losses associated with a severe stress event and continue to meet its obligations to policyholders over the following 12 months. It is a risk-based measure reflecting the specific risk profile of the Company. The MCR represents a lower regulatory threshold, calculated using a simpler methodology, that establishes a minimum level of capital below which policyholder protection is considered to be seriously compromised. A breach of either capital requirement would trigger differing degrees of supervisory intervention.

E.2.1 Minimum Capital Requirement

The MCR is calculated using a prescribed formula that applies set factors to net technical provisions (excluding risk margin) and the previous 12 months’ net written premiums. It is then subject to a cap of 45% and a floor of 25% of the SCR, together with an absolute floor of £3,500k.

E.2.2 Solvency Capital Requirement

There are two methods under Solvency II for calculating the SCR. The SCR may be calculated using either the Standard Formula as prescribed by the PRA Rules or an internal model developed by the insurer, and approved by the PRA, that appropriately reflects the risk profile of the firm. The Standard Formula is designed to be applicable to a wide range of insurers. However, where the regulator believes that the calculated SCR does not adequately capture the risk of the particular business, it has the power to impose a ‘capital add-on’ to be included within the Standard Formula SCR. Tradex uses the Standard Formula approach to calculate the SCR. As required by the PRA Rules, assessment is performed by the Company as part of the Own Risk and Solvency Assessment, to confirm that the Standard Formula remains appropriate for its risk profile.

The table below shows a breakdown of the components of the SCR as at 31 December 2025. Section E.2.3 provides further detail on each risk. Note that the 31 December 2025 SCR is still subject to supervisory assessment by the PRA.

Solvency Capital Requirement	31 December 2025	31 December 2024	Movement
	£000	£000	£000
Premium and reserve risk	94,311	74,842	19,469
Catastrophe risk	13,829	11,704	2,125
Lapse risk	4,952	6,635	(1,683)
Diversification	(14,287)	(14,312)	25
Diversified non-life underwriting risk	98,805	78,869	19,936
Market risk	30,901	26,501	4,400
Counterparty risk	31,481	31,268	213
Life underwriting risk	216	-	216
Operational risk	23,778	22,350	1,428
Diversification credit	(31,639)	(27,891)	(3,748)
SCR	153,542	131,097	22,445

E.2.3 Movement in MCR and the SCR over the Reporting Period

At the end of the reporting period, Tradex’s SCR is £153,542k (2024: £131,097k), an increase of £22,445k since 31 December 2024, reflecting the growth trajectory of the business. More detailed explanations of the change in SCR over the year are described below.

At the end of the reporting period, Tradex’s MCR is £43,498k (2024: £34,377k), an increase of £9,121k since 31 December 2024. This increase was driven principally by the increase in net technical provisions over the year.

E.2.3.1 Non-life underwriting risk

The increase in non-life underwriting risk reflects the growth of the business throughout 2025 as well as the projected growth through 2026. This is somewhat offset by a resultant increase in diversification between the individual risk charges.

Premium Risk

Premium risk relates to policies that will be earned over the coming 12 months.

Reserve Risk

Reserve risk arises from losses from the past. Insurers hold reserves to cover these losses (claims provisions), but the amount that claims will eventually settle for, and how many more claims are still to be reported, are uncertain. The risk is that claims payments exceed the current level of reserves, so the claims provisions (net of reinsurance) are used as a key input for the reserve risk.

Catastrophe Risk

Catastrophe risk arises from extreme events such as major windstorms and large fires. It is divided into natural and man-made catastrophe risks:

- Natural catastrophe events such as windstorms which result in home damage and floods which cause both home and motor damage.
- Man-made catastrophe events arise from motor liability and fire risks.

Lapse Risk

Lapse risk is the risk that the Company makes less profit because of customers cancelling existing policies or not taking out policies that the Company has committed to write.

E.2.3.2 Market Risk

The Company is exposed to the following Standard Formula market risks based on the portfolio at end 2025:

- Interest rate risk, which is the risk that the value of an asset or liability will change owing to a change in interest rates. Interest rate risk is calculated by determining the impact on the balance sheet of either increasing or decreasing interest rates. The higher of the two impacts is the interest rate risk.
- Spread risk, which is the risk that a widening of credit-spreads reduces the value of assets.
- Concentration risk, which is the risk of exposure to individual investment counterparties.
- Equity risk, which arises from the level of volatility of market prices for equities.
- Property risk, which arises from the volatility of market prices for properties.

The Company is currently investing in high-quality fixed interest bonds issued by corporations (“corporate bonds”) and the UK government (“gilts”). The Company also holds investments in equities and asset-backed lending, including real estate asset backed lending. Investments are denominated in sterling, US dollars, Euros and Polish zloty, with exposure to currency risk, however this is minimised through the use of currency hedges.

A transition to Aon as the Outsourced Chief Investment Officer (OCIO) occurred in the fourth quarter of 2025. 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 increase in market risk since 2024 reflects a combination of the increase in valuation of the overall investment portfolio, together with the change in the mix of investments held in that portfolio as the investment strategy continues to be developed and implemented.

E.2.3.3 Counterparty Default Risk

Counterparty default risk relates to the losses arising when reinsurers and other debtors (counterparties) fail to pay what they owe (default). These counterparties include insurance intermediaries, reinsurers, banks with which cash is deposited and trade receivables.

Balances with counterparties have increased over 2025 as a result of the growth of the business and this is reflected in an increase in the counterparty default risk charge.

E.2.3.4 Operational Risk

Operational risk is the risk of loss arising from inadequate and failed internal processes, or from people and systems, or from external events. Operational risk is based on gross technical provisions and gross earned premiums in the last 24 months. These are used to measure the size of the business because the greater the size of the business, the more operational risk it is exposed to. Tradex has grown during 2025 and this is reflected in an increased operational risk charge compared to 2024.

E.2.3.5 Loss-absorbing Capacity of Deferred Tax

As Tradex has no deferred tax liabilities, there is no adjustment made for the loss-absorbing capacity of deferred tax.

E.2.4 Simplifications and Undertaking-specific Parameters

Solvency II regulations permit the use of specified simplifications within the standard formula, where this is considered proportionate to the nature, scale and complexity of the risks to which the entity is exposed.

The Company uses one simplification in the calculation of the SCR. In calculating counterparty default risk, the simplification set out in 7.35 of the Solvency Capital Requirement – Standard formula part of the PRA Rulebook in respect of reinsurance arrangements is applied. In accordance with this approach, the loss given default exposure includes reinsurance recoverables together with a proportion of the risk-mitigating effect of reinsurance on underwriting risk. The risk-mitigating effect is allocated to individual reinsurers in proportion to their share of total reinsurance recoverables.

No undertaking-specific parameters are used in the calculation of the SCR.

E.2.5 Capital Add-ons

The Company does not have any capital add-ons at either 31 December 2025 or 31 December 2024.

E.3 Differences Between the Standard Formula and any Internal Model Used

The Company uses the Standard Formula to calculate the SCR.

E.4 Non-compliance with the MCR and Non-compliance with the SCR

E.4.1 Non-compliance with the MCR

Non-compliance with the MCR occurs when the value of eligible Own Funds falls below the MCR. There has been no period of non-compliance with the MCR during 2025.

E.4.2 Non-compliance with the SCR

Non-compliance with the SCR occurs when the value of eligible own funds falls below the SCR. There has been no period of non-compliance with the SCR during 2025.

E.5 Any Other Information

No additional information is required to be disclosed.

Appendix 1: Quantitative Reporting Templates (QRTs)

Tradex Insurance Company Plc

Solvency and Financial Condition Report

Disclosures

31 December

2025

(Monetary amounts in GBP thousands)

General information

Entity name	Tradex Insurance Company Plc
Entity identification code and type of code	LEI/21380092HRNZ2H8HOH96
Type of undertaking	Non-life undertakings
Country of incorporation	GB
Language of reporting	en
Reporting reference date	31 December 2025
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

-

IR.02.01.02 - Balance sheet

IR.05.02.01 - Premiums, claims and expenses by country: Non-life obligations

IR.05.04.02 - Non-life income and expenditure : reporting period

IR.12.01.02 - Life technical provisions

IR.17.01.02 - Non-Life Technical Provisions

IR.19.01.21 - Non-Life insurance claims

IR.23.01.01 - Own Funds

IR.25.04.21 - Solvency Capital Requirement

IR.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

IR.02.01.02

Balance sheet

Assets

R0030	Intangible assets
R0040	Deferred tax assets
R0050	Pension benefit surplus
R0060	Property, plant & equipment held for own use
R0070	Investments (other than assets held for index-linked and unit-linked contracts)
R0080	<i>Property (other than for own use)</i>
R0090	<i>Holdings in related undertakings, including participations</i>
R0100	<i>Equities</i>
R0110	<i>Equities - listed</i>
R0120	<i>Equities - unlisted</i>
R0130	<i>Bonds</i>
R0140	<i>Government Bonds</i>
R0150	<i>Corporate Bonds</i>
R0160	<i>Structured notes</i>
R0170	<i>Collateralised securities</i>
R0180	<i>Collective Investments Undertakings</i>
R0190	<i>Derivatives</i>
R0200	<i>Deposits other than cash equivalents</i>
R0210	<i>Other investments</i>
R0220	Assets held for index-linked and unit-linked contracts
R0230	Loans and mortgages
R0240	<i>Loans on policies</i>
R0250	<i>Loans and mortgages to individuals</i>
R0260	<i>Other loans and mortgages</i>
R0270	Reinsurance recoverables from:
R0280	<i>Non-life and health similar to non-life</i>
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>
R0340	<i>Life index-linked and unit-linked</i>
R0350	Deposits to cedants
R0360	Insurance and intermediaries receivables
R0370	Reinsurance receivables
R0380	Receivables (trade, not insurance)
R0390	Own shares (held directly)
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in
R0410	Cash and cash equivalents
R0420	Any other assets, not elsewhere shown
R0500	Total assets

Solvency II value	
C0010	
	3,534
	54
	270,484
	15,350
	0
	6,807
	3,872
	2,935
	208,610
	36,865
	171,746
	0
	0
	39,291
	305
	120
	0
	60,557
	0
	60,557
	224,394
	182,262
	42,132
	0
	0
	850
	42,314
	15,441
	0
	127,410
	745,038

		Solvency II value
		C0010
Liabilities		
R0505	Technical provisions - total	482,239
R0510	<i>Technical provisions - non-life</i>	438,911
R0515	<i>Technical provisions - life</i>	43,328
R0542	Best estimate - total	471,102
R0544	<i>Best estimate - non-life</i>	427,883
R0546	<i>Best estimate - life</i>	43,219
R0552	Risk margin - total	11,137
R0554	<i>Risk margin - non-life</i>	11,028
R0556	<i>Risk margin - life</i>	109
R0565	Transitional (TMTP) - life	0
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	3
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	313
R0830	Reinsurance payables	112
R0840	Payables (trade, not insurance)	35,747
R0850	Subordinated liabilities	29,781
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>	
R0870	<i>Subordinated liabilities in Basic Own Funds</i>	29,781
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	548,196
R1000	Excess of assets over liabilities	196,842

IR.05.02.01

Premiums, claims and expenses by country: Non-life obligations

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country
R0010	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
R0110	Gross - Direct Business	609,568					609,568
R0120	Gross - Proportional reinsurance accepted						0
R0130	Gross - Non-proportional reinsurance accepted						0
R0140	Reinsurers' share	358,324					358,324
R0200	Net	251,244					251,244
Premiums earned							
R0210	Gross - Direct Business	658,549					658,549
R0220	Gross - Proportional reinsurance accepted						0
R0230	Gross - Non-proportional reinsurance accepted						0
R0240	Reinsurers' share	393,355					393,355
R0300	Net	265,194					265,194
Claims incurred							
R0310	Gross - Direct Business	468,205					468,205
R0320	Gross - Proportional reinsurance accepted						0
R0330	Gross - Non-proportional reinsurance accepted						0
R0340	Reinsurers' share	222,553					222,553
R0400	Net	245,652					245,652
R0550	Net expenses incurred	22,556					22,556

IR.12.01.02
Life technical provisions

Best estimate

R0025 Gross Best Estimate (direct business)
R0026 Gross Best Estimate (reinsurance accepted)
R0030 **Gross Best Estimate**

R0080 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
R0090 Best estimate minus recoverables from reinsurance/SPV and Finite Re

R0100 **Risk margin**

Amount of the transitional on Technical Provisions

R0140 TMTP - risk margin
R0150 TMTP - best estimate dynamic component
R0160 TMTP - best estimate non-dynamic component
R0170 TMTP - amortisation adjustment
R0180 **Transitional Measure on Technical Provisions**

R0200 **Technical provisions - total**

Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
C0010	C0020	C0030	C0040	C0050	C0060	C0070
			43,219			43,219
						0
0	0	0	43,219	0	0	43,219
			42,132			42,132
0	0	0	1,087	0	0	1,087
			109			109
						0
						0
						0
0	0	0	0	0	0	0
0	0	0	43,328	0	0	43,328

IR.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year Underwriting year

Gross Claims Paid (non-cumulative)														
(absolute amount)														
Year	C0010	C0020	C0030	C0040	Development year		C0070	C0080	C0090	C0100	C0110	C0170	C0180	
	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)	
R0100	Prior											4,643	4,643	
R0160	-9	8,560	27,670	12,376	6,488	5,408	12,592	3,877	5,540	8,021	-227		-227	
R0170	-8	6,610	20,386	10,544	5,666	4,814	5,437	5,008	1,555	1,192		1,192	61,212	
R0180	-7	4,156	12,421	5,663	3,338	2,685	1,836	3,071	1,495			1,495	34,665	
R0190	-6	3,648	11,864	4,528	2,113	3,084	4,732	1,045				1,045	31,014	
R0200	-5	3,757	13,542	6,876	2,796	2,954	2,948					2,948	32,873	
R0210	-4	3,904	13,701	5,620	3,292	4,774						4,774	31,291	
R0220	-3	5,127	17,181	8,001	5,760							5,760	36,070	
R0230	-2	9,818	59,455	18,582								18,582	87,856	
R0240	-1	82,362	170,368									170,368	252,730	
R0250	0	123,426										123,426	123,426	
R0260												Total	334,006	

Gross Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	Development year		C0260	C0270	C0280	C0290	C0300	C0360	
	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)	
R0100	Prior											5,375	5,125
R0160	-9	16,307	28,693	20,339	27,161	24,738	19,133	17,360	22,875	1,313	819		779
R0170	-8	20,665	32,230	23,024	17,301	13,648	22,734	5,130	5,518	6,837			6,518
R0180	-7	15,040	18,212	14,441	15,783	11,819	9,478	8,241	6,179				5,808
R0190	-6	13,782	17,642	13,016	10,843	13,488	5,552	2,628					2,495
R0200	-5	13,002	21,592	15,021	12,305	11,904	6,669						6,281
R0210	-4	16,901	23,647	18,366	30,569	21,554							19,921
R0220	-3	19,379	29,901	36,294	24,467								22,692
R0230	-2	45,207	102,824	83,084									75,569
R0240	-1	133,878	172,911										154,854
R0250	0	148,631											134,278
R0260												Total	434,322

Gross premium			
	C0570	C0580	
	Gross earned premium at reporting reference date	Estimate of future gross earned premium	
R0160	N-9	104,469	0
R0170	N-8	87,885	0
R0180	N-7	59,319	0
R0190	N-6	57,256	0
R0200	N-5	71,754	0
R0210	N-4	69,067	0
R0220	N-3	78,113	0
R0230	N-2	197,108	0
R0240	N-1	618,505	0
R0250	N	348,673	259,976

IR.23.01.01

Own Funds

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above

R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

R0290 Total basic own funds

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees
R0350	Letters of credit and guarantees other
R0360	Supplementary members calls
R0370	Supplementary members calls - other
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580 SCR

R0600 MCR

R0620 Ratio of Eligible own funds to SCR

R0640 Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0725	Deductions for participations in financial and credit institutions
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
12,138	12,138		0	
154,275	154,275		0	
0	0		0	
0		0	0	0
0	0			
20,000		20,000	0	0
0		0	0	0
6,896	6,896			
29,781		0	29,781	0
3,534				3,534
0	0	0	0	0
0				
226,624	173,309	20,000	29,781	3,534

0				
0				
0				
0				
0				
0				
0				
0				
0				
0				
0			0	0

226,624	173,309	20,000	29,781	3,534
223,090	173,309	20,000	29,781	
226,624	173,309	20,000	29,781	3,534
202,008	173,309	20,000	8,700	

153,542
43,498
147.60%
464.41%

C0060
196,842
0
189,946
0
6,896

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

		C0010
Market risk		
R0070	Interest rate risk	5,513
R0080	Equity risk	6,417
R0090	Property risk	9,181
R0100	Spread risk	8,286
R0110	Concentration risk	18,827
R0120	Currency risk	0
R0125	Other market risk	
R0130	Diversification within market risk	-17,323
R0140	Total Market risk	30,901
Counterparty default risk		
R0150	Type 1 exposures	6,922
R0160	Type 2 exposures	25,954
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-1,396
R0180	Total Counterparty default risk	31,481
Life underwriting risk		
R0190	Mortality risk	0
R0200	Longevity risk	215
R0210	Disability-Morbidity risk	0
R0220	Life-expense risk	0
R0230	Revision risk	0
R0240	Lapse risk	0
R0250	Life catastrophe risk	0
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	0
R0270	Total Life underwriting risk	215
Health underwriting risk		
R0280	Health SLT risk	
R0290	Health non SLT risk	
R0300	Health catastrophe risk	
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	
R0320	Total Health underwriting risk	0
Non-life underwriting risk		
R0330	Non-life premium and reserve risk (ex catastrophe risk)	94,311
R0340	Non-life catastrophe risk	13,829
R0350	Lapse risk	4,952
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	-14,287
R0370	Non-life underwriting risk	98,805
R0400	Intangible asset risk	
Operational and other risks		
R0422	Operational risk	23,778
R0424	Other risks	
R0430	Total Operational and other risks	23,778
R0432	Total before all diversification	218,187
R0434	Total before diversification between risk modules	185,181
R0436	Diversification between risk modules	-31,639
R0438	Total after diversification	153,542
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	
R0455	Other adjustments	
R0460	Solvency capital requirement including undisclosed capital add-on	153,542
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	Solvency capital requirement including capital add-on	153,542
R0490	Biting interest rate scenario	decrease
R0495	Biting life lapse scenario	

IR.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

43,498

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
---	---

- R0020 Medical expense insurance and proportional reinsurance
- R0030 Income protection insurance and proportional reinsurance
- R0040 Workers' compensation insurance and proportional reinsurance
- R0050 Motor vehicle liability insurance and proportional reinsurance
- R0060 Other motor insurance and proportional reinsurance
- R0070 Marine, aviation and transport insurance and proportional reinsurance
- R0080 Fire and other damage to property insurance and proportional reinsurance
- R0090 General liability insurance and proportional reinsurance
- R0100 Credit and suretyship insurance and proportional reinsurance
- R0110 Legal expenses insurance and proportional reinsurance
- R0120 Assistance and proportional reinsurance
- R0130 Miscellaneous financial loss insurance and proportional reinsurance
- R0140 Non-proportional health reinsurance
- R0150 Non-proportional casualty reinsurance
- R0160 Non-proportional marine, aviation and transport reinsurance
- R0170 Non-proportional property reinsurance

C0020	C0030
0	0
0	0
0	0
207,565	169,540
17,820	65,510
0	0
17,899	16,597
3,423	2,967
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
---	--

- R0210 Obligations with profit participation - guaranteed benefits
- R0220 Obligations with profit participation - future discretionary benefits
- R0230 Index-linked and unit-linked insurance obligations
- R0240 Other life (re)insurance and health (re)insurance obligations
- R0250 Total capital at risk for all life (re)insurance obligations

C0050	C0060

Overall MCR calculation

- R0300 Linear MCR
- R0310 SCR
- R0320 MCR cap
- R0330 MCR floor
- R0340 Combined MCR
- R0350 Absolute floor of the MCR
- R0400 Minimum Capital Requirement

C0070

43,498
153,542
69,094
38,385
43,498
3,500
43,498