

Colonnade Insurance S.A.
Société Anonyme

**Annual accounts and report of the Réviseur
d'Entreprise Agréé
as at December 31, 2025**

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Directors' report as at December 31, 2025

Key Financials

For the year ended December 31, 2025, the profit after tax was EUR 16,744,898 (compared to EUR 17,961,826 in 2024). In 2025, earned premiums, net of reinsurance, amounted to EUR 241,393,797 (EUR 214,799,206 in 2024) with gross premiums written of EUR 329,598,101 (EUR 293,705,389 in 2024) and claims incurred, net of reinsurance, of EUR 94,898,861 (EUR 89,547,527 in 2024).

2025 was the most successful year in Colonnade's history. The Company continued to grow its business while maintaining a profitable underwriting result. The Gross Premiums Written (GPW) increased by 12%. The diversification of our markets has contributed significantly to our results, we exceeded our plan in Hungary while experiencing shortfall in Poland, the Czech Republic, Slovakia, Romania and Bulgaria. Several large construction policies written in Hungary contributed to the growth in gross premiums. 2025 marks the eighth consecutive year of a positive underwriting result, which positions the Company well for future opportunities.

In line with our gross premium growth, the earned premiums, net of reinsurance, are also significantly higher than last year.

The underwriting result amounted to a profit of EUR 22,816,755 (compared to EUR 19,767,356 in 2024).

Our top-line growth over last year is attributed to the following factors:

- We had favourable retention ratios, both in the Commercial (88.3%) and Consumer (83%) segments. The premium growth was also supported by new business production of EUR 59.6 million and EUR 60 million, respectively, exceeding our planned expectations.
- Our Personal Accident Individual portfolio posted excellent results with a 92.2% combined ratio, with continuous new sales during the year.
- The third-party lines contributed significantly to the profit with a gross premium growth of 11.9% and a combined ratio of 80%.
- We have continued the remediation of our Property book with pricing improvements. This has also helped to the growth of the portfolio by 19.2%. The line remains unprofitable due to large loss activity.
- We have also refocused on the more profitable Casualty lines during the year to offset the losses on the Property lines.

The balance on the technical account was impacted by the following factors compared to last year:

- During 2025, we did not have any catastrophic losses, while in Q3 2024, we experienced the first such event in the history of Colonnade with a gross impact of the "Boris" floods of EUR 19.5 million and a net loss, including any reinstatement premiums of EUR 6.5 million.
- Prior year reserve developments have also been more favourable compared to 2024, resulting in a lower loss ratio (-2.4%)
- Our administrative expenses have increased from EUR 39,152,580 to EUR 46,904,417 as a result of inflation, staff expansion supporting growth and our Transformation program.

The Company's net loss ratio was 39.3%, its net commission ratio was 38.1%, its net expense ratio was 19.4%, and the combined ratio stands at 96.8%. These ratios were 41.7%, 37.8%, 18.2% and 97.8% in 2024, respectively.

During the year, total shareholders' equity increased from EUR 134,056,017 to EUR 150,800,915 after considering the result of the year.

As of December 31, 2025, the provision for unearned premiums amounted to EUR 147,211,318 (EUR 125,255,312 on December 31, 2024), claims outstanding were at EUR 298,838,285 (EUR 281,881,028 on December 31, 2024), and the provision for bonuses and rebates was at EUR 640,322 (EUR 575,538 on December 31, 2024).

Key Events

Changes in macroeconomic conditions

Similar to 2024, inflation had a much smaller impact on our results in 2025 compared to what we experienced during 2022 and 2023. The impact of inflation in 2025 on our general operating expenses was approximately EUR 2 million compared to EUR 2.5 million in 2024. Despite the softening market, the general economic slowdown in our region and the non-inflationary environment, we were able to increase the Company premium volume by 12%.

Description of Risks Covered

Colonnade Insurance S.A. is currently authorised to underwrite all classes of non-life insurance business except class 10a (Motor Vehicle Liability) through its branch network in Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia.

The business mix of the Company was similar to 2024, with Commercial lines at 68% and Consumer lines at 32% - excluding the multinational business issued for AIG.

The main products in Consumer lines are Accident and Health products distributed by our Direct Marketing platform, Travel Individual and GAP products. Premiums in the Consumer segment increased by 10% compared to the 2024 year. The growth on our Individual Travel portfolio of 18% contributed the most to the overall increase in premiums. There was also large growth on the Household portfolio of 29%.

The process for risk acceptance and risk management is set out in the Company's Enterprise Risk Management Framework ("RMF"). The key elements of the RMF are identification, monitoring and management of risk.

The key categories of risk facing the Company include insurance, market, credit, liquidity and operational risks. Policies and procedures for managing these risks are set out in the RMF.

All key policies are approved by the Board of Directors, and the framework is part of the ongoing "Own Risk and Solvency Assessment" ("ORSA") process. An ORSA report is presented to the Board of Directors on an annual basis. The ORSA report sets out the risk profile and key risk indicators of the Company, together with the resulting impact on the Solvency Capital Requirement (SCR) and confirmation that sufficient own and ancillary funds are in place.

The Company's strategy for managing its risks includes:

- Identifying and analysing risk through a disciplined risk management process;
- Mitigating, transferring or avoiding risks that do not fit our business objectives;
- Retaining risk within an agreed risk appetite with appropriate levels of capital.

More details on the key risks are provided below:

Insurance Risk

Insurance risk includes the risks associated with underwriting and reserving. Underwriting risk includes both the risk of inappropriate underwriting and inadequate pricing. The insurance risk management policy covers the underwriting, claims and actuarial functions and addresses risks such as inappropriate or unauthorised underwriting and pricing, and inadequate controls around recording and reporting of underwriting results and exposures. Various Key Risk Indicators (KRIs) have been developed for the ongoing monitoring of insurance risks.

Control structures are in place to mitigate the risk of accumulations of loss from catastrophic events, and the Company is further protected by the reinsurance programme comprising a range of quota share and excess of loss contracts that cover the different lines of business written by the Company.

Reserve risk surrounds the risk that unpaid loss reserves prove to be inadequate. Colonnade has an Actuarial Function, to assess reserving levels, working in close cooperation with underwriting and claims staff within each of the branches. Oversight of the governance of reserve setting and compliance with the reserving policy (as established by the Board) is the responsibility of the Reserving Committee.

Market Risk

Market risk includes risks associated with potential changes in interest rates, foreign exchange rates and asset prices, including equities. Various KRIs are monitored regularly as part of the RMF to manage and mitigate this risk.

Credit Risk

This is the risk that one party to a financial arrangement will fail to discharge an obligation and cause the other party to incur a financial loss. The main sources of credit risk relate to reinsurers, premium debtors and investments. As with Market Risk, these risks are monitored by the Company using KRIs against its risk appetite.

Liquidity Risk

This is the risk the Company, though solvent, may encounter difficulty in meeting obligations associated with financial liabilities as they fall due. The Company monitors the levels of cash and investments to ensure liquidity requirements are addressed to mitigate this risk.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Managing day-to-day operational risk is the responsibility of the line managers, both within Luxembourg and the branch offices and the approach to managing these risks is covered in more detail in the RMF.

Operational risk includes various cyber-related risks. During the last few years there has been an increase in global cybercrime activity, which Colonnade continues to monitor. These, however, have not materially impacted the Company's operations and the Company continues to invest in its IT Security infrastructure.

Corporate Governance

The Company has implemented a system of governance which provides for sound and prudent management. Risk management, compliance, internal audit and actuarial functions, which are consistent with the needs of the Company's operations, have been established. The Company's staff and directors have the skills, knowledge and expertise to fulfil their allocated responsibilities. The system of governance is therefore considered to be proportionate to the nature, scale and complexity of the Company's business.

The Board of Directors oversees the conduct of the business and its senior management and is responsible for ensuring the maintenance of a sound system of internal controls and risk management and for the approval of any changes to the capital, corporate and/or management structure of the Company.

The Company has a Board of Directors and five board committees being the Reserving Committee, Underwriting Committee, Investment & Foreign Exchange Committee, Risk Management Committee and the Audit Committee. The Reserving Committee's role is to oversee the reserving governance, working in close cooperation with the Company's Actuarial Function. The Underwriting Committee's role is to oversee underwriting including setting the protocols for underwriting authorities, guidelines and monitoring as well as to oversee product development and distribution and the skills, knowledge and expertise of the Company's employees involved in direct distribution. The POG Sub-committee, responsible for product oversight and governance, reports to the Underwriting Committee on product development, and review of existing products and distribution channels.

The Investment & Foreign Exchange Committee's role is to oversee management of investment and foreign exchange risk, through prudent investment and asset/liability and currency management. The Risk Management Committee's role is to ensure the development and implementation of the Company's RMF, to ensure that appropriate procedures are in place to identify, assess and manage risk from a strategic and operational perspective and to monitor implementation of risk management procedures. Finally, the Audit Committee supports the Board of Directors in meeting its oversight responsibilities for the Company's financial and non-financial reporting, internal controls, management of financial and non-financial risks, audit processes and processes for monitoring legal and regulatory compliance.

The management oversight over the branches is carried out through the Management Committee. The objective of the Management Committee is to make decisions, or to establish the basis on which all decisions are taken, required to execute the strategy determined by the Board, including all major operational decisions.

Non-Financial Report

Overview

In compliance with Article 85-2 of Law of December 8, 1994, on annual accounts with respect to insurance and reinsurance undertakings, as amended, this report includes a statement containing information on the performance, the position of Colonnade and the impact of our activities, relating to environmental, social and labour questions, respect for human rights and the fight against corruption. This report also includes the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities under the Disclosures Delegated Act ¹.

¹ Delegated Act (EU) 2021-2178 specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation, Annex II, 10.1.

General approach to Environmental, Social, and Governance (ESG)

Colonnade is a subsidiary of Fairfax, which was built on the foundation of many of ESG's key concepts back in 1985. Supported by the Guiding Principles Fairfax wrote in its early years, our company culture is rooted in the philosophy of "doing good by doing well" and has enshrined a value-based approach to business, consistent with the objectives that ESG seeks to promote.

As a contributor to the financial services sector, Colonnade does not generate a significant direct impact on our environment, but can most meaningfully contribute towards sustainability through its underwriting activities to support the transition to a low-carbon economy, as well as through its investment activities and the impact of our branch operations.

Our business and how ESG and sustainability affect us

Our underwriting strategy

Colonnade's insurance product base is broad and diverse, both by product type and geographical location. As part of our offering, we provide Commercial Property, Construction and Household insurance covering key regional climate change perils for our customers, such as windstorms, floods and hailstorms. Colonnade monitors and manages exposures to physical climate change risks, aligned to our Enterprise Risk Management Framework (RMF), so we can be here to support our customers when they need our services. Any exposures are monitored against company targets agreed with the Board of Directors.

As per the 2024 report, Colonnade has not considered these products as fully aligned to the technical screening criteria under the EU Taxonomy Climate Delegated Act² which determines the conditions under which they would qualify as contributing substantially to climate change adaptation. Colonnade has analysed the taxonomy-eligible lines of business in its portfolio, including direct insurance and assumed reinsurance, including all tasks along the value chain (sales, claims, risk management, pricing, etc.). As per 2024 Colonnade has only considered the portion of income from the relevant products protecting climate change-related perils to determine those taxonomy eligible in 2025. These were determined based on actuarial analysis of the claims loss ratios by peril, where this information is available.

² Climate Delegated Act (EU) 2021/2139 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation

The following table discloses information under the EU Taxonomy as per Disclosures Delegated Act, Annex X:

Economic activities (1)	Substantial contribution to climate change adaptation			DNSH (Do Not Significant Harm)					
	Absolute premiums 2025 (2)	Proportion of premiums 2025 (3)	Proportion of premiums 2024 (4)	Climate change mitigation (5)	Water and marine resources (6)	Circular economy (7)	Pollution (8)	Bio-diversity and eco-systems (9)	Minimum safe-guards (10)
	EUR millions	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1 Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	0	0%	n/a	n/a	-	-	-	-	-
A.1.1. of which reinsured	0	0%	n/a	n/a	-	-	-	-	-
A.1.2. Of which stemming from reinsurance activity	0	0%	n/a	n/a	-	-	-	-	-
A.1.2.1. Of which reinsured (retrocession)	0	0%	n/a	n/a	-	-	-	-	-
A.2 Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	6.3	2%	2%						
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	323.3	98%	98%						
Total (A.1 + A.2 + B)	329.6	100%	100%						

Our investment strategy

Hamblin Watsa Investment Counsel Ltd. (Hamblin Watsa) is a wholly owned subsidiary of Fairfax, serving as the investment manager for the Fairfax holdings company and its subsidiaries, including Colonnade Insurance S.A.

As reported in Fairfax's ESG Reports, Hamblin Watsa's investment practices have been aligned with Fairfax's Guiding Principles and culture since inception. Its investment process focuses on the underlying assets and the sustainability of their long-term cash flows and has always considered a range of risks and opportunities, including material ESG factors. To further embed ESG analysis, Hamblin Watsa has provided ESG training to its investment professionals and continues to enhance its ESG policies, processes and training on an ongoing basis.

The disclosed quantitative KPIs reflect the Taxonomy-alignment of Colonnade's investment portfolios, in compliance with Regulation (EU) 2020/852. These KPIs provide a comprehensive overview of the alignment of our operations with sustainability objectives, covering all business activities under the company's direct control during the reporting period.

An economic activity is considered taxonomy-eligible if it is listed in the Commission Delegated Regulation (EU) 2021/2139 and the investments KPI table by the Delegated Regulation (EU) 2023/2486 of 27 June 2023 (Environmental Delegated Act) which supplements the EU Taxonomy Regulation. Taxonomy-eligible activities are those generally recognised as capable of contributing positively to the specified environmental objectives. According to Article 3 of the EU Taxonomy Regulation, an activity is deemed taxonomy-aligned if it makes a substantial contribution to one or more environmental objectives while avoiding significant harm to others (the "do no significant harm" principle, or DNSH). Both eligibility and alignment are assessed using technical screening criteria. To be classified as taxonomy-aligned, the company performing the activity must also adhere to minimum social safeguards.

All assets capable of financing economic activities are included within the scope of the taxonomy KPIs. This primarily encompasses balance sheet items such as "in affiliated undertakings and participating interests and "Other financial investments ". Excluded from this scope are intangible assets, Tangible

assets and stocks, other debtors, other assets and prepayments and accrued income not intended for financing economic activities. Additionally, insurance and reinsurance contracts classified as assets for accounting purposes, as well as cash at bank and in hand, are excluded. Investments in governments, central banks, and supranational issuers are also outside the taxonomy KPIs' scope, and a breakdown is available in the following table. Investments in governments include those in European and United states bonds and treasury bills. Issuers backed by EU state guarantees are assessed for their taxonomy eligibility and alignment.

The following table outlines the scope of the taxonomy KPIs based on Luxembourg GAAP carrying amounts and the coverage ratio, which represents the proportion of assets covered by the KPIs relative to total investments considered. It also provides a detailed breakdown of investments included within the taxonomy KPIs' scope.

To meet the requirements of Article 6 of the Commission Delegated Regulation (EU) 2021/2178 and the investments KPI table by the Delegated Regulation (EU) 2023/2486 of 27 June 2023 (Environmental Delegated Act), we disclose the templates specified in Annex X and XII of that regulation under "EU Taxonomy Regulation templates."

Our primary focus is on calculating the regulatory metrics, with no broader strategic considerations at this stage. The Fairfax Guiding Principles, which reinforce our dedication to sustainability and long-term value creation, are driving our investment strategies.

The key performance indicators (KPI) related to Colonnade Insurance S.A.'s investments represent the proportion of investments that are directed at funding or are associated with Taxonomy-aligned economic activities. This investment portfolio can be detailed as follows:

	EUR millions	Percentage over the total investments
Book value as of December 31, 2025		
Proportion of Central governments, Central banks and Supranational issuers as a percentage of Total investments (excluded from KPI)	252.5	66%
Proportion of assets covered by the KPI relative to Total investments ⁽¹⁾	131.3	34%
Total Investments ⁽²⁾	383.9	100%

⁽¹⁾ Total Assets covered by KPI is the total amount of investment on the balance sheet excluding exposure to: Central Governments, Central banks, and Supranational issuers.

⁽²⁾ Total Investments is the total amount of investments as disclosed in the balance sheet.

<p>The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:</p> <p style="text-align: center;">Turnover-based: 0.8% Capital expenditures-based: 1.9%</p>	<p>The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below:</p> <p style="text-align: center;">Turnover-based: 0.88 EUR millions Capital expenditures-based: 2.56 EUR millions</p>
<p>The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities.</p> <p style="text-align: center;">Coverage ratio: 34%</p>	<p>The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.</p> <p style="text-align: center;">Coverage: 131.3 EUR millions</p>

Additional, complementary disclosures: breakdown of denominator of the KPI		Additional, complementary disclosures: breakdown of numerator of the KPI	
The percentage of derivatives relative to total assets covered by the KPI ⁽³⁾	0.0%	The value in monetary amounts of derivatives ⁽³⁾	0.0 EUR millions
The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	67.6%	For non-financial undertakings:	88.8 EUR millions
For financial undertakings:	7.9%	For financial undertakings:	10.4 EUR millions
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	47.6%	For non-financial undertakings:	62.5 EUR millions
For financial undertakings:	7.4%	For financial undertakings:	9.8 EUR millions
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	20.7%	For non-financial undertakings:	27.2 EUR millions
For financial undertakings:	3.7%	For financial undertakings:	4.9 EUR millions
The proportion of exposures to other counterparties over total assets covered by the KPI:	- %	Value of exposures to other counterparties:	- EUR millions
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	- %	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	- EUR millions
The value of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI:	20.0%	Value of all the investments that are funding economic activities that are not Taxonomy-eligible:	26.29 EUR millions
The value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI:	4.0%	Value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned:	5.21 EUR millions
The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:		For non-financial undertakings:	
Turnover-based: 0.6%		Turnover-based: 0.88 EUR millions	
Capital expenditures-based: 1.8%		Capital expenditures-based: 2.40 EUR millions	
For financial undertakings:		For financial undertakings:	
Turnover-based: - %		Turnover-based: - EUR millions	
Capital expenditures-based: 0.1%		Capital expenditures-based: 0.16 EUR millions	
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:	
Turnover-based: - %		Turnover-based: - EUR millions	
Capital expenditures-based: - %		Capital expenditures-based: - EUR millions	
The proportion of Taxonomy-aligned exposures to other counterparties in over total assets covered by the KPI:		Value of Taxonomy-aligned exposures to other counterparties over total assets covered by the KPI:	
Turnover-based: - %		Turnover-based: - EUR millions	
Capital expenditures-based: - %		Capital expenditures-based: - EUR millions	

⁽³⁾ Colonnade has only indirect exposure to derivatives through its share in investment funds. For the purpose of the calculation of the KPIs, the exposure is computed based on a 'look-through' approach for the underlying investment of the funds.

Breakdown of the numerator of the KPI per environmental objective			
Taxonomy-aligned activities – provided 'do-not-significant-harm'(DNSH) and social safeguards positive assessment:			
1. Climate change mitigation	Turnover: 0.80%	Transitional activities: 0.42% ; 1.79%	[Turnover; CapEx]
	CapEx: 2.65%	Enabling activities: 0.38% ; 0.86%	[Turnover; CapEx]
2. Climate change adaptation	Turnover: 0.00%	Transitional activities: 0.00% ; 0.00%	[Turnover; CapEx]
	CapEx: 0.00%	Enabling activities: 0.00% ; 0.00%	[Turnover; CapEx]
3. The sustainable use and protection of water and marine resources	Turnover: 0.00%	Transitional activities: 0.00% ; 0.00%	[Turnover; CapEx]
	CapEx: 0.00%	Enabling activities: 0.00% ; 0.00%	[Turnover; CapEx]
4. The transition to a circular economy	Turnover: 0.00%	Transitional activities: 0.00% ; 0.03%	[Turnover; CapEx]
	CapEx: 0.06%	Enabling activities: 0.00% ; 0.03%	[Turnover; CapEx]
5. Pollution prevention and control	Turnover: 0.00%	Transitional activities: 0.00% ; 0.00%	[Turnover; CapEx]
	CapEx: 0.00%	Enabling activities: 0.00% ; 0.00%	[Turnover; CapEx]
6. The protection and restoration of biodiversity and ecosystems	Turnover: 0.00%	Transitional activities: 0.00% ; 0.00%	[Turnover; CapEx]
	CapEx: 0.00%	Enabling activities: 0.00% ; 0.00%	[Turnover; CapEx]

The KPI disclosure has been prepared based on information on the exposures of investments from the investment manager information systems and public information disclosed by counterparties. For credit institutions, the green asset ratio KPI has been used to compute the capital expenditure KPI of the investment.

The following table shows the evolution of taxonomy-aligned economic activities through investments compared to the previous financial year:

The weighted average value of all the Investments of Insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:			The weighted average value of all the Investments of Insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for Investments in undertakings per below:		
	2025	2024		2025	2024
Turnover-based:	0.8%	0.8%	Turnover-based:	0.88 EUR millions	1.03 EUR millions
Capital expenditures-based:	1.9%	3.4%	Capital expenditures-based:	2.56 EUR millions	4.84 EUR millions

The contribution from taxonomy-aligned economic activities based on capital expenditures decreased by EUR 2.3 million, mainly due to portfolio rotation towards issuers with a lower contribution to the KPI amounting to EUR 3.1 million. This negative effect was partly offset by an increase in the KPI at the issuer level, which reduced the overall variation by EUR 0.9 million. Following a similar trend, the contribution from taxonomy-aligned economic activities based on turnover decreased by EUR 0.15 million, driven by portfolio rotation towards issuers with a lower contribution to the KPI of EUR 0.319 million, partially compensated by an increase in the KPI at the issuer level of EUR 0.17 million.

Our taxonomy-alignment disclosures primarily rely on reports from financial and non-financial undertakings, which published information on their alignment with the climate change mitigation and adaptation objectives for the 2024 reporting year.

When taxonomy-alignment data is inconsistent or incomplete, we classify these investments under "Assets funding taxonomy-eligible but not taxonomy-aligned economic activities." For the portion of our portfolio invested in companies required to publish a non-financial statement, we disclose the shares of taxonomy-eligible and taxonomy-aligned turnover, as well as taxonomy-eligible and taxonomy-aligned capital expenditure, that our investments help finance in the reporting companies.

This disclosure is based on information provided by the investment manager information system and public information disclosed by the issuer. The denominator for these calculations is the total assets included within the scope of the taxonomy KPIs.

We also applied a look-through analysis to the investment funds that Colonnade is investing in, examining the underlying assets to assess their taxonomy eligibility and alignment.

In the following tables, we provide an overview of our investment activities in 6 specific fossil gas and nuclear energy generation activities, including the proportion of our assets that finance taxonomy-eligible and taxonomy-aligned economic activities in these areas (4.26–4.31). These disclosures address the requirements specified in Article 8, paragraphs 6 and 7 of the Environmental Delegated Act, regarding activities related to fossil gas and nuclear energy generation.

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Taxonomy-eligible but not taxonomy-aligned economic activities:

	Revenue-based						Capital expenditures-based					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount in 000	%	Amount in 000	%	Amount in 000	%	Amount in 000	%	Amount in 000	%	Amount in 000	%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%	0.07	0.00%	0.07	0.00%	-	0.00%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	5 210	3.97%	5 210	3.97%	-	0.00%	10 270	7.82%	10 270	7.82%	-	0.00%
Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	5 210	3.97%	5 210	3.97%	-	0.00%	10 270	7.82%	10 270	7.82%	-	0.00%

We anticipate that data availability will continue to improve over time. As most of our investments in issuers covered by the KPI are related to assets held through the investment funds managed by Hamblin Watsa, the discussion with issuers to address the criteria in the taxonomy screening process that have not yet been met will happen for Fairfax entities, including Colonnade, at the level of the fund. Additionally, the scope of Fairfax companies required to disclose taxonomy-alignment data will expand in the future.

Governance, policies and our Guiding Principles

As part of our governance, Colonnade has an ESG policy and RMF. The RMF includes a risk register that measures the impact and likelihood of all risks the company perceives it could face, including those related to ESG and sustainability. Key Risk Indicators (KRIs) are used to monitor risk as part of the RMF. Risks are classified into groups such as insurance, credit, market or operational risks. The Company has an ORSA process, part of which includes monitoring the impact of climate change on the Company, in particular on underwriting and investments.

Colonnade's operations touch ESG and sustainability through our use of energy and resources such as via our offices, staff travel and business operations, through the management of our staff and via contributions to the local communities in which we operate. Colonnade has developed best practice guidelines for office management and donations to support this.

In line with the Fairfax Guiding Principles, Colonnade is committed to creating and maintaining a work environment in which people are treated with dignity, decency and respect, free from bullying and harassment. The environment of the Company should be characterised by mutual trust and the absence of intimidation, oppression, and exploitation. Through the enforcement of our Anti-Harassment, Non-Discrimination, Respect and Dignity Policy and by education of employees, Colonnade seeks to prevent, correct, and discipline behaviour that violates our values and this policy. Colonnade has established appropriate procedures for lodging a complaint of harassment, bullying, discrimination, or retaliation.

Colonnade is focused on ensuring that we are aligned with the Fairfax Guiding Principles, such as running the Company to the benefit of our staff and that honesty and integrity are essential in all our relationships and will never be compromised. Colonnade has also implemented the Fairfax Code of Business Conduct and Ethics, Anti-Corruption and Whistleblowing policies and had its own complementary Code of Business Conduct and Ethics, as well as its policies for the areas of Whistleblowing, Anti-Money Laundering and Economic and Financial Sanctions. This code also incorporates the Code of Professional Ethics issued by the Luxembourg Insurance Association. We believe that our code, together with our Anti-Harassment, Non-Discrimination, Respect and Dignity Policy, provides the basis for the enforcement of human rights respect at our level. In addition, we have a monitoring system in place enabling us to detect any persons or entities, who are subject to international financial sanctions in order to ensure we are not dealing with these. If any significant risks are identified, then appropriate actions are taken.

Colonnade adheres to Fairfax's Anti-Corruption policy, setting a baseline and standards for all Fairfax group companies. It strictly prohibits bribery and corrupt payments to anyone, imposes special care in dealings with government officials and sets the rules for business amenities and contributions to charities.

Colonnade is monitoring adherence to the beforementioned code and policies. In the period under review, no infringements or violations, nor major deviations from our policies, were reported.

Our human resources

We are proud of our employees and believe that if we take good care of them, they will take good care of our customers and if, thanks to that, the business goes well, we can do good to our environment and communities. Our culture is defined by the Fairfax Guiding Principles, and our most valuable assets are our people.

In 2025, 94.6% of our employees participated in our climate survey, and the results show excellent engagement. 96.4% of employees rated as 'Agree' or 'Absolutely Agree' with the statement 'I would recommend Colonnade as a place to work.' To support employee well-being, we perform a comprehensive organisation review, we have flexible work arrangements like hybrid work and flexible working hours and organise the 'Fit with Desk job' physical exercise program and soft-skill trainings in well-being related subjects.

Thanks to our geographical diversity, there is a multitude of nationalities represented at our company. In Colonnade, the female (59.6%) to male (40.4%) ratio is balanced. The median age of our employees is 42.1; the median tenure is 4.7 years, average tenure is 7 years.

To ensure fair compensation for our employees, the Company reviews salaries and bonuses annually. Besides financial compensation, all branches offer further benefits to our employees. Bonuses are paid on a discretionary basis on fair performance evaluation, where the employees are evaluated both on what they have achieved and how they have achieved it. We believe in equal treatment and non-discrimination and we apply this approach in our compensation management. We have a multi-step annual salary review and approval process in place for all employees that ensures that compensation, including rewards, is distributed fairly and as per the above, and decisions are not based on gender, religion or any other factor that could potentially mean discrimination.

To support employees' development, the Company provided English language training in most of its branches. We provide an online learning platform accessible to our employees and covering numerous (5000+) technical and soft skills. We run classroom and instructor-led virtual sessions by our trained internal trainers. These are to ensure sustainable, high-quality development opportunities both now and in the future.

Communities and support for Ukraine

Being the closest company from the Fairfax family to the war in Ukraine, Colonnade continues to support our Ukrainian colleagues from Colonnade, ARX, Universalna and their families, as well as the Ukrainian society based on the requests of our Ukrainian CEOs. During 2025 Colonnade continued to provide financial assistance to a number of staff and their families to find safe short-term or long-term shelter in Poland, Slovakia, Hungary, the Czech Republic and Bulgaria. With the financial support from Fairfax, approximately EUR 230,000 has been spent during 2025 on this humanitarian assistance programme.

Besides the above-described Ukrainian humanitarian help, Colonnade continued to be active in supporting local communities and initiatives through their volunteering programs and donations in the countries where we are established. In 2025 Colonnade signed a strategic partnership with an NGO, Bátor Tábör Foundation, that provides recreational therapy programs for children with serious or chronic illnesses and their families in 4 countries – Hungary, Slovakia, Czechia and Poland. In total, more than EUR 329,000 was dedicated to organisations that are helping people (children, disabled people, homeless people, seniors, crisis helplines) or deal with initiatives related to health, education, reforestation, animal care, development of insurance as a sector and disaster recovery. In 2025, our employees spent approximately 560 days volunteering.

Solvency Ratio

The Company's solvency ratio was 185% as at 31 December 2025 compared to 171% as at 31 December 2024, reflecting that the Company remained soundly financed.

Other representations

In 2025, the Company did not pursue any research and development activity. The Company does not face abnormal price, credit, liquidity or treasury risks.

The Company has not repurchased any of its own shares during the year and does not hold any own shares at this time.

We have assessed our future business plan until 2028 and also performed stress test scenarios in our ORSA updates, and confirmed that the capital levels would be sufficient to meet the regulatory minimum threshold under these scenarios.

Our reinsurance treaty agreements are covering both Colonnade Insurance S.A. as well as Colonnade Ukraine, however, the conflict between Ukraine and Russia does not have any impact on the status of Colonnade Insurance S.A. policies and their respective reinsurance agreements. Colonnade is executing all extra international sanctions resulting from the war, in addition to those previously existing.

The current economic environment is not impacting the Company as a going concern.


Future plans

In 2025 we had further double-digit percentage premium growth, and we are expecting this trend to continue in the upcoming years. We are planning further growth of the Company's portfolio, through organic means, by maintaining high client retention and acquiring new business with innovative product offerings in the Commercial and Consumer areas.

The focus in 2026 and beyond will be a continuation of the enhancement of our infrastructure and expansion of the Consumer and Commercial portfolios. Our intention is to keep growing our portfolio and focus on the customer experience, enhancing our sales, underwriting, administration and claims services. We would like to increase the reliance on business data and be able to provide a quality of service and fairness that makes customers and partners eager to sustain long-term relationships.

In 2025, we continued our initiative of continuous learning and improving the skills of our employees to ensure that the knowledge and skillset of the entire Colonnade organisation remains modern and up to date.

The goal is to create an organisation that is continuously looking to exceed the needs and expectations of our customers with a continuous focus on improving our operating model. When it comes to employees, we are shaping Colonnade Insurance S.A. to become the company for the future, which attracts talent and creates a great working environment that challenges, motivates and retains our staff.


Bijan Khosrowshahi
Chairman of the Board of Directors



Audit report

To the Shareholder of
Colonnade Insurance S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of Colonnade Insurance S.A. (the “Company”) as at 31 December 2025, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

What we have audited

The Company’s annual accounts comprise:

- the balance sheet as at 31 December 2025;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the annual accounts” section of our report.

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

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 21 to the annual accounts.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of incurred but not reported claims reserve (IBNR reserve).</p> <p>Claims outstanding amounting to EUR 298,838,285 at year - end include an IBNR reserve, involving a significant degree of judgement as disclosed in Note 3.9.2 to the annual accounts.</p> <p>This IBNR reserve is based on financial data input and pre-set actuarial assumptions including loss ratios, claims trends and claims historical development patterns.</p> <p>Considering the amount of the reserve and the level of judgment applied, the valuation of the reserve was significant to our audit.</p>	<p>We have assessed, with the support of our actuarial experts, Management's governance and procedures in place over actuarial reserving practices as well as data quality. Our audit procedures consisted of the following:</p> <ul style="list-style-type: none"> • We tested management process and controls in place for the determination of the estimates; • Applying our industry knowledge and experience, we compared the methodology, models and assumptions used against recognised actuarial practices; • We tested the reliability of a sample of underlying data used in estimating the IBNR reserve at year-end by tracing them to source documentation; • We performed independent projections on selected classes of business and compared our projected IBNR reserves to those booked by management; • We obtained and challenged the outcome of the governance process around risk margin setting including assessing consistency and rationale of application of such margin.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the directors' report but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities and business units within the Company as a basis for forming an opinion on the annual accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

The directors' report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as “Réviseur d’Entreprises Agréé” by the General Meeting of the Shareholders on 2 April 2025 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 11 years.

Luxembourg, 8 April 2026

PricewaterhouseCoopers Assurance, Société coopérative

Represented by

Signed by:

ED2508FB9F884BC...

Sylvia Pucar

Balance sheet as at December 31, 2025	Notes	December 31, 2025 EUR	December 31, 2024 EUR
ASSETS			
Intangible assets	3.2; 4	15 996 205	14 156 076
Investments			
Investments in affiliated undertakings and participating interests	3.4; 5.1; 5.3		
Shares in affiliated undertakings		978 558	1 045 438
Participating Interests		38 193 001	38 193 001
Other financial investments	3.5; 5.2; 5.3		
Shares and other variable yield transferable securities and units in unit trusts		45 086 676	30 086 676
Debt securities and other fixed income transferable securities		294 604 576	230 405 120
Other loans		5 000 000	10 180 366
		383 862 811	309 910 601
Subrogation and salvage	3.8	275 278	919 505
Reinsurers' share of technical provisions			
Provision for unearned premiums		37 832 678	25 731 772
Claims outstanding		52 488 739	70 808 013
		90 321 417	96 539 785
Debtors			
Debtors arising out of direct insurance operations	3.6; 6		
Policyholders		42 666 317	37 590 039
Intermediaries		11 620 910	12 170 190
Debtors arising out of reinsurance operations		30 131 031	18 576 581
Other debtors		8 324 650	8 655 270
		92 742 908	76 992 080
Other assets			
Tangible assets and stocks	3.3; 7	3 810 678	3 748 325
Cash at bank and in hand		49 148 349	65 917 844
Other assets		30 193	28 360
		52 989 220	69 694 529
Prepayments and accrued income			
Accrued interest and rent		3 533 978	3 087 978
Deferred acquisition costs	3.7	33 452 683	26 680 772
Other prepayments and accrued income	8	10 715 249	8 670 941
		47 701 910	38 439 691
Total Assets		683 889 749	606 652 267

The accompanying notes form an integral part of these annual accounts.

Balance sheet as at December 31, 2025

	Notes	December 31, 2025 EUR	December 31, 2024 EUR
LIABILITIES			
Capital and reserves			
Subscribed capital	9	9 500 000	9 500 000
Share premium account	10	94 876 287	94 876 287
Reserves			
Legal reserve	11	950 000	950 000
Profit and loss brought forward	12	28 729 730	10 767 904
Profit or loss for the financial year		<u>16 744 898</u>	<u>17 961 826</u>
		150 800 915	134 056 017
Technical provisions			
Provision for unearned premiums	3.9.1	147 211 318	125 255 312
Claims outstanding	3.9.2	298 838 285	281 881 028
Provision for bonuses and rebates	3.9.4	<u>640 322</u>	<u>575 538</u>
		446 689 925	407 711 878
Provisions for other risks and charges			
Provisions for taxation	3.10; 23	451 798	270 271
Other provisions		<u>1 488</u>	-
		453 286	270 271
Reinsurers' share of subrogation and salvage	3.8	16 809	19 311
Creditors			
Creditors arising out of direct insurance operations	3.11; 13	25 913 096	19 437 857
Creditors arising out of reinsurance operations	3.11; 13	27 400 297	24 258 688
Other creditors including tax and social security	3.11; 13	<u>13 015 124</u>	<u>9 999 006</u>
		66 328 517	53 695 551
Accruals and deferred income	3.12; 14; 18	<u>19 600 297</u>	<u>10 899 239</u>
Total Liabilities		<u>683 889 749</u>	<u>606 652 267</u>

The accompanying notes form an integral part of these annual accounts.

Profit and loss account for the year ended December 31, 2025

	Notes	December 31, 2025 EUR	December 31, 2024 EUR
TECHNICAL ACCOUNT			
NON-LIFE INSURANCE BUSINESS			
Earned premiums, net of reinsurance			
gross premiums written	15; 16	329 598 101	293 705 389
outward reinsurance premiums		-78 349 204	-65 115 254
change in the provision for unearned premiums		-21 956 006	-16 041 487
change in the provision for unearned premiums, reinsurers' share		<u>12 100 906</u>	<u>2 250 558</u>
		241 393 797	214 799 206
Other technical income, net of reinsurance	3.16	941 363	2 552 676
Claims incurred, net of reinsurance			
claims paid:			
gross amount		-96 229 299	-70 739 226
reinsurer' share		<u>36 606 969</u>	<u>16 410 353</u>
		-59 622 330	-54 328 873
change in the provision for claims:			
gross amount		-16 957 257	-53 489 989
reinsurer' share		<u>-18 319 274</u>	<u>18 271 335</u>
		-35 276 531	-35 218 654
Bonuses and rebates, net of reinsurance	3.9.4	-712 785	-517 277
Net operating expenses			
acquisition costs	3.7; 17	-109 175 381	-92 853 358
change in deferred acquisition costs	3.7	6 771 911	3 651 879
administrative expenses	3.14; 19; 20; 21	-46 904 417	-39 152 580
reinsurance commissions and profit participation	18	<u>10 499 632</u>	<u>7 914 290</u>
		-138 808 255	-120 439 769
Other technical charges	3.17	-5 369	-251 530
Allocated investment return transferred from the non-technical account	3.13	14 906 865	13 171 577
Balance on the technical account for non-life insurance business		22 816 755	19 767 356

The accompanying notes form an integral part of these annual accounts.

Profit and loss account for the year ended December 31, 2025

	Notes	December 31, 2025 EUR	December 31, 2024 EUR
Balance on the technical account for non-life insurance business		22 816 755	19 767 356
NON-TECHNICAL ACCOUNT			
Investment income			
income from other investments			
income from other investments		7 538 645	6 400 283
value re-adjustments on investments	3.1; 3.15; 5.2	38 791 014	34 516 103
gains on realisation of investments		<u>2 616 997</u>	<u>5 577 178</u>
		48 946 656	46 493 564
Investment charges			
investment management charges, including interest		-1 367 503	-1 305 159
value adjustments on investments	3.1; 3.15; 5.1; 5.2	-29 702 786	-30 591 150
losses on the realisation of investments		<u>-2 836 670</u>	<u>-1 517 072</u>
		-33 906 959	-33 413 381
Allocated investment return transferred to the non-life technical account	3	-14 906 865	-13 171 577
Other income	22	1 412 082	1 369 992
Other charges, including value adjustments	22	-608 831	-681 871
Tax on profit on ordinary activities	23	<u>-7 007 940</u>	<u>-2 402 257</u>
Profit on ordinary activities after tax		<u>16 744 898</u>	<u>17 961 826</u>
Profit for the financial year		<u><u>16 744 898</u></u>	<u><u>17 961 826</u></u>

The accompanying notes form an integral part of these annual accounts.

Notes to the annual accounts as at December 31, 2025

Note 1 - General

Colonnade Insurance S.A. (the “**Company**”) is a Luxembourg insurance company. The Company was incorporated as a holding company on November 10, 1997, as a “Société Anonyme” for an unlimited period and subject to the general company law.

With a notarial deed dated July 22, 2015, the Company changed its name from Stonebridge Re S.A. to Colonnade Insurance S.A. and changed its activity from a reinsurance company into an insurance company subject to regulatory approval. The insurance license was granted to the Company on July 24, 2015. In relation to the transfer of the insurance business from QBE Insurance (Europe) Limited (‘QBE’), the Company set up Hungarian, Czech and Slovakian Branches in 2015. In 2016, an agreement was signed with AIG Europe Limited (“AIG”) to acquire the renewal rights and operating assets of its branches in Bulgaria, the Czech Republic, Hungary, Romania, Poland and Slovakia. In addition to the Branches established in 2015, new Branches were created in Bulgaria, Romania and Poland in 2017. The accounts of all six Branches are included in the Company’s balance sheet and profit and loss accounts.

The principal activity of the Company is insurance operations in all divisions, in the Grand Duchy of Luxembourg and abroad (excluding any life insurance business), the management of insurance companies, the holding and the financing of direct and indirect participations in all companies or businesses with an identical or similar corporate object and which may further the development of the Company’s activities, more generally all transactions regarding movable or real property, commercial, civil or financial operations which are directly related to the Company’s corporate object.

The registered office of the Company is 1, rue Jean Piret, L-2350 Luxembourg.

The Company’s financial year starts on January 1 and ends on December 31 of each year.

Note 2 - Presentation of the annual accounts

These annual accounts have been prepared in conformity with the Law of December 8, 1994, on annual accounts with respect to insurance and reinsurance undertakings, and with the significant accounting policies generally accepted within the insurance and reinsurance industry in the Grand Duchy of Luxembourg (“the Amended Law of 8 December 1994”). The accounting policies and valuation rules, apart from those defined by the law or by the Commissariat aux Assurances, are determined and applied by the Board of Directors.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company is, in accordance with Luxembourg law, exempt from the requirement to prepare consolidated annual accounts and a consolidated Directors’ report for the year ended December 31, 2025. Therefore, in conformity with legal provisions, these accounts are presented on a non-consolidated basis for approval by the sole shareholder at the Annual General Meeting.

Notes to the annual accounts as at December 31, 2025

Note 3 - Summary of significant accounting policies

The significant accounting policies applied by the Company are as follows:

3.1 Translation of items expressed in foreign currencies

The Company maintains its books and records in EUR.

The assets and liabilities expressed in foreign currencies are translated into EUR at the exchange rates prevailing at the balance sheet date. Transactions during the accounting year, expressed in foreign currencies, are translated to EUR at the exchange rate prevailing on the transaction date.

All unrealised and realised exchange losses/gains resulting from these conversions are accounted for in the profit and loss account in value re-adjustments on investments in the Investment income and in value adjustments on investments in the Investment charges lines.

3.2 Intangible assets

The intangible assets are valued at historical acquisition or production cost.

The intangible assets are amortised on a straight-line basis between a period of two to six years depending on the intangible item. For internally developed software, the costs incurred during the analysis and programming phase are capitalised. The Company also incurred development costs that are capitalised in the balance sheet. The corresponding assets are amortised when they are available for use.

3.3 Tangible assets

Tangible assets are valued at historical acquisition cost. The acquisition cost includes expenses incidental to the purchase. The tangible assets with limited useful economic lives are depreciated on a straight-line basis based on the estimated economic life. The depreciation period for the tangible assets is as follows:

Furniture and fittings	IT Equipment	Cars	Other tangible assets
5-9 years	2-5 years	4-5 years	2-6 years

If a permanent decline in value exists, the fixed assets are valued at the lower of carrying or market value at the balance sheet date. These value adjustments should be reversed when the reasons for which they were made cease to apply.

3.4 Shares in affiliated undertakings and participating interests

Affiliated undertakings are considered to be the undertakings between which the Company exercises a dominant influence either directly or indirectly. Participating interests refer to rights contained in the capital of other undertakings which, when creating a durable link with those undertakings, are intended to contribute to the Company's activities.

Shares in affiliated undertakings and participating interests are valued at historical acquisition cost which includes expenses incidental to the purchase.

If the impairment in value is of a permanent nature, the shares in affiliated undertakings and participating interests are valued at the lower of cost or fair value at the balance sheet date. These value adjustments should no longer continue when the reasons for which they were made cease to apply.

Notes to the annual accounts as at December 31, 2025

3.5 Other financial investments

Other financial investments, other than debt securities and other fixed-income transferable securities, are valued at historical acquisition cost, which includes incidental purchase expenses.

Debt securities and other fixed-income securities are valued at historical acquisition cost, which includes expenses incidental to the purchase, or redemption value, taking into account the following elements:

A positive difference between the acquisition cost and the redemption value is written off in instalments over the duration of the holding of the security.

A negative difference between the acquisition cost and the redemption value is released to income in instalments over the period remaining to repayment.

Other financial investments are valued at the lower of historical acquisition cost and realisable value. The acquisition cost includes expenses incidental to the purchase. The value adjustments which correspond to the negative difference between the realisable value and the acquisition cost may no longer be carried out if the reasons for which they were made cease to apply.

3.6 Debtors

Debtors are valued at the lower of their nominal and their probable realisable value. Value adjustments shall be made when recoverability is questionable, either in part or entirely. These value adjustments shall no longer be carried out when the reasons for which they were made cease to apply.

3.7 Deferred acquisition costs

Acquisition costs related to non-life insurance policies are deferred according to a method compatible with that used for unearned premiums.

3.8 Subrogation and salvage

Under this caption are recorded the recoverable amounts, estimated prudently, arising from the acquisition of policyholders' rights against third parties (subrogation) or from obtaining legal ownership of insured property (salvage). These amounts represent cumulative transactions meeting recognition criteria at year-end. The movement in the estimated balances is recorded in the profit and loss account for the year ended December 31, 2025, under "Other technical income, net of reinsurance" and "Other technical charges".

3.9 Technical provisions

Sufficient technical provisions are set up so that the Company can meet, as far as can be reasonably foreseen, any liabilities arising from insurance contracts.

3.9.1 Provision for unearned premiums

Written premiums include all the amounts received or receivable with respect to insurance contracts incepted before the end of the accounting year. That part of written premiums which is to be allocated to one or more subsequent financial years is deferred by way of the provision for unearned premiums, computed separately for each contract on a pro rata basis.

Notes to the annual accounts as at December 31, 2025

3.9.2 Provision for claims outstanding

The provision for claims outstanding corresponds to the total estimated cost (including claims settlement costs) to settle all claims arising from events which have occurred up to the end of the financial year, whether reported or not, less amounts already paid in respect of such claims. The Provision for claims outstanding is made for the full cost of settling the outstanding claims at the end of the financial year, including claims incurred but not yet reported (IBNR).

The Company establishes provision for claims outstanding on an undiscounted basis to recognise the estimated costs of bringing pending claims to final settlement, taking into account inflation, as well as other factors that can influence the amount of reserves required, some of which are subjective and some of which are dependent on future events. In determining the level of reserves, the Company considers historical trends and patterns of loss payments, pending levels of unpaid claims and types of coverage. In addition, court decisions, economic conditions and public attitudes may affect the ultimate cost of settlement and, as a result, the Company's estimation of reserves. Between the reporting and final settlement of a claim, circumstances may change, which would result in changes to established reserves. Items such as changes in law and interpretations of relevant case law, results of litigation, changes in medical costs, as well as costs of vehicle and building repair materials and labour rates, can substantially impact ultimate settlement costs. Accordingly, the Company regularly reviews and re-evaluates case reserves. Any resulting adjustments are included in the profit and loss account for the current year. Amounts ultimately paid for losses and loss adjustment expenses can vary significantly from the level of reserves originally set or currently recorded.

The Company also establishes reserves for IBNR claims on an undiscounted basis to recognise the estimated final settlement cost for loss events that have already occurred, but which have not yet been reported. Historical information and statistical models, based on a product line, type and extent of coverage, as well as reported claims trends, severities and frequencies, exposure growth and other factors, are relied upon to estimate IBNR reserves. These estimates are revised as additional information becomes available and as claims are actually reported and paid.

3.9.3 Provision for unexpired risks

The provision for unexpired risks is recognised when the estimated costs of future claims and related deferred acquisition costs are expected to exceed the unearned premium provision. In determining the need for an unexpired risk provision, the different classes of business have been regarded as businesses that are managed together. Unexpired risks surpluses and deficits are offset where business classes are managed together, and a provision is made if an aggregate deficit arises. The unexpired risks provision would be included within 'Other technical provisions'.

3.9.4 Provisions for bonuses and rebates

This provision consists of amounts intended for policyholders to the extent that such amounts represent an allocation of profit arising on business, or a partial refund of premium made based on the performance of the contracts. The movement in this provision during the year is recorded in the Profit and Loss Account under Bonuses and rebates, net of reinsurance.

Notes to the annual accounts as at December 31, 2025

3.10 Provisions for other risks and charges

Provisions for other risks and charges are intended to cover losses or debts whose nature is clearly defined but are, at the balance sheet date, either likely or certain to be incurred, but amounts are indeterminable.

3.11 Creditors

Creditors are included in liabilities at settlement value. If the amount payable is greater than the amount received, the difference may be shown as an asset and written off by reasonable annual amortisation and completely written off no later than the time of repayment of the debt. If the amount payable is lower than the amount received, the difference is released to income in instalments over the remaining period of the contract.

3.12 Accruals and deferred income

This item consists of both income receivable before the balance sheet date but relating to a subsequent financial year and charges that relate to the current financial year but are payable in a subsequent financial year.

3.13 Allocated investment return transferred from/to non-technical account

This income represents the portion of the total net investment return – interest income and charges and realised gains and losses - that relates to assets which are held to cover the non-life technical provisions, and which are transferred from the non-technical account in order to better reflect the balance of the technical account of the non-life business.

3.14 Administrative expenses

Administrative expenses specifically consist of costs arising from premium collection, portfolio administration and inward and outward reinsurance. The administrative expenses more specifically include all administrative expenses that cannot be allocated to acquisition costs, claims or investment management charges.

3.15 Value adjustments

The value adjustments are deducted directly from the related asset.

3.16 Other technical income, net of reinsurance

The Company recognises co-insurance income for cases in which it acts as a co-insurance leader, recording it in the profit and loss statement as a separate item. The Company also recognises the salvage and subrogation payments' gross part through the profit and loss statement on this line.

3.17 Other technical charges

The Company recognises the salvage and subrogation payments reinsurance part in the profit and loss statement as a separate item on this line.

Notes to the annual accounts as at December 31, 2025

Note 4 - Intangible assets

The movements in intangible assets incurred during the financial year may be summarised as follows:

	Data policy rights	Software	Software under own development	Internally developed software in use	Other development costs	Total
Gross book value January 1, 2025	3 892 739	3 015 644	4 751	22 550 520	966 790	30 430 444
Additions during the year	-	195 607	7 208 071	-	661 496	8 065 174
Disposals during the year	-	-19 885	-	-	-	-19 885
Transfers during the year	-	-599 031	-6 136 066	6 735 097	-	-
Foreign exchange on opening gross book value	68 042	-371	-	-	371	68 042
Gross book value December 31, 2025	3 960 781	2 591 964	1 076 756	29 285 616	1 628 657	38 543 775
Accumulated depreciation January 1, 2025	-3 892 739	-2 094 079	-	-10 089 927	-197 624	-16 274 368
Depreciation during the year	-	-191 229	-	-5 782 295	-231 636	-6 205 160
Foreign exchange impact on opening accumulated depreciation	-68 042	505	-	-	-505	-68 042
Accumulated depreciation December 31, 2025	-3 960 781	-2 284 803	-	-15 872 221	-429 765	-22 547 570
Net book value December 31, 2025	-	307 161	1 076 756	13 413 395	1 198 893	15 996 205
Net book value December 31, 2024	-	921 565	4 751	12 460 594	769 166	14 156 076

The “Internally developed Software in use” category represents the development costs incurred by Colonnade for its own policy management infrastructure in 2025, while the system has been progressively released across Colonnade's business from 2022, the Company continued development of new releases in 2025.

Note 5 - Investments

5.1 Shares in affiliated undertakings and participating interests

The movements during the financial year in respect of shares in affiliated undertakings and participating interests are as follows:

	Shares in affiliated undertakings EUR	Participating Interests EUR
Gross book value 01.01.2025	1 481 498	38 193 001
Additions during the year	21 623	-
Gross book value 31.12.2025	1 503 121	38 193 001
Accumulated depreciation 01.01.2025	436 061	-
Impairment during the year	88 502	-
Accumulated depreciation 31.12.2025	524 563	-
Net book value 31.12.2025	978 558	38 193 001
Net book value 31.12.2024	1 045 437	38 193 001
Actual value 31.12.2025	978 558	83 284 372

The “Actual value” disclosed in the above table for participating interests corresponds to the net asset value of the units held by the Company in the relevant investment fund, as determined on the basis of the latest available net asset value published by the fund's manager.

The undertakings in which the Company holds at least twenty per cent of the capital are the following:

Notes to the annual accounts as at December 31, 2025

Name of the company	Registered office	Percentage of ownership	Closing date of last financial year	Book value as at December 31, 2025	Book value as at December 31, 2024	Shareholder's equity (including results for the year) as at December 31, 2025	Results of the financial year 2025
		%		EUR	EUR	EUR	EUR
Shares in affiliated undertakings							
TIG (Bermuda) Ltd.	Canon's Court 22 Victoria Street Hamilton HM EX Bermuda	100	Dec. 31, 2025	978 558	1 045 437	978 558	-11 348
Participating Interests							
HWIC Value Opportunities Fund Sub-Fund of HWIC QIAIF CCF	2nd Floor, Block E Iveagh Court Harcourt Road Dublin 2 Ireland	20.9	Dec. 31, 2025	38 193 001	38 193 001	(1)	(1)

(1) The Company holds 20.9% of the units of HWIC Value Opportunities Fund (Sub-Fund of HWIC QIAIF CCF), which qualifies as a participating interest within the meaning of Article 18 of the amended law of 8 December 1994. At the date of approval of these annual accounts, the audited financial statements of the Sub-Fund as at 31 December 2025 were not yet available. Accordingly, the columns "Shareholder's equity (including results for the year)" and "Results of the financial year" for 2025 have not been completed; the book value presented corresponds to the Company's acquisition cost of the units, adjusted for any value adjustments recorded in accordance with its accounting policies. Based on the audited financial statements of the HWIC Value Opportunities Fund (Sub-Fund of HWIC QIAIF CCF), the Sub-Fund's net assets attributable to unitholders amounted to EUR 325,630,866 and its profit for the financial year ended 31 December 2024 amounted to EUR 29,322,008.

The actual value of the Company's shares in affiliated undertakings and participating interests has been determined by the Board as at 31 December 2025, based on the most recent available financial information for TIG Bermuda Ltd and the latest available net asset value for the HWIC Value Opportunities Fund, together with a prudent assessment of expected future performance and realisable values.

5.2 Other financial investments

As at December 31, 2025, the actual value of the other financial investments is as follows:

	Book value 2025 EUR	Actual value 2025 EUR
Other financial investments		
Shares and other variable yield transferable securities and units in unit	45 086 676	53 789 811
Debt securities and other fixed income transferrable securities	294 604 576	301 516 039
Other loans	5 000 000	5 000 000

During the year, the amortisation of discount on debt securities and other fixed-income transferable securities amounts to EUR 6,178,671, and the amortisation of premiums in these securities amounts to EUR 44,266. Discount amortisation is recognised under value re-adjustment on investments, and premium amortisation is recognised under value adjustment on investments in the profit and loss account.

As of December 31, 2025, the non-amortised discount and premiums on debt securities and other fixed-income transferable securities amount to EUR 16,673,842 and EUR 157,317, respectively.

Notes to the annual accounts as at December 31, 2025

5.3 Reclassification of the investment in HWIC Value Opportunities Fund

During the year, the management reassessed the classification of the Company's investment in the HWIC Value Opportunities Fund (a sub-fund of HWIC QIAIF CCF, an Irish Common Contractual Fund). The Board concluded that this investment meets the definition of a participating interest within the meaning of Article 18 of the Amended Law of 8 December 1994, on the grounds that:

- the Company holds approximately 20.86% (2024: 21.47%) of the outstanding units of the Sub-Fund, exceeding the 20% presumption threshold;
- the investment has been held since 2019 and progressively increased, establishing a durable link with the Sub-Fund; and
- the Sub-Fund serves as the Company's principal equity investment vehicle, contributing to the activities of the Company.

Accordingly, the investment has been reclassified from "Other financial investments – Shares and other variable-yield transferable securities and units in unit trusts" (Section C.III) to "Investments in affiliated undertakings and participating interests – Participating interests" (Section C.II) in the balance sheet.

This reclassification is a change in presentation only and has no impact on the measurement basis (acquisition cost, subject to impairment review), nor on the Company's capital and reserves, profit or loss, or solvency position.

The management determined that the characteristics of the investment (percentage held, duration of the holding and strategic role within the Company's investment strategy) were already met in prior years; the reclassification, therefore, corrects a presentation that was not fully aligned with the definition of a participating interest and ensures consistency of classification over time.

Comparative figures

In accordance with Article 43 of the Amended Law of 8 December 1994, which requires disclosure and explanation when comparative figures have been adjusted to ensure comparability, the comparative balance sheet as at 31 December 2024 has been restated to reflect this reclassification. Specifically, the amount of EUR 38,193,001 previously reported under "Other financial investments – Shares and other variable-yield transferable securities and units in unit trusts" has been transferred to "Participating interests". This restatement has no impact on total assets, total capital and reserves, or the profit or loss for the year ended 31 December 2024 as previously reported.

Notes to the annual accounts as at December 31, 2025

Note 6 - Debtors

The breakdown of the debtors at December 31, 2025, is as follows:

	December 31, 2025	December 31, 2024
Arising out of direct insurance operations	54 287 227	49 760 229
policyholders - third parties	42 666 317	37 586 574
policyholders - related parties	-	3 465
intermediaries - third parties	11 620 910	12 170 190
Arising out of reinsurance operations	30 131 031	18 576 581
third parties	29 487 930	17 888 576
related parties	643 101	688 005
Other debtors - third parties	8 324 650	8 282 270
deposits and guarantees	662 022	605 878
tax receivable	2 463 710	3 450 527
other third parties debtors	5 198 918	4 225 865
Other debtors - related parties	-	373 000
Total	92 742 908	76 992 080

The balances for direct insurance and reinsurance operations include value adjustments when recoverability is either uncertain or compromised.

Breakdown of other debtors

	December 31, 2025	December 31, 2024
Deposits and guarantees	662 022	605 878
Receivables from AIG	81 765	125 462
Rental related	261 208	242 406
Receivables from social security	8 450	6 539
Tax receivable	2 463 710	3 450 527
Other related parties	-	373 000
Coinsurance receivables/regresses/commission paid in advance	1 782 026	2 303 074
Special contribution to Insured Protection Fund to be recovered	2 688 789	1 529 868
Other	376 680	18 516
Total	8 324 650	8 655 270

The special contribution to the "Insured Protection Fund" included in the above table corresponds to a funding requirement introduced in 2023 for insurance companies operating in Romania. The balance corresponds to the portion of the funding that can be recovered by insurance companies when the Fund is sufficiently capitalised.

Notes to the annual accounts as at December 31, 2025

Note 7 - Tangible assets

The movements in tangible assets incurred during the financial year may be summarised as follows:

	Furniture and fittings	IT equipment	Cars	Other tangible assets	Total
Gross book value January 1, 2025	1 750 902	3 071 538	1 798 313	1 066 634	7 687 387
Additions during the year	148 558	606 389	947 818	695 543	2 398 308
Disposals during the year	-87 462	-159 454	-82 218	-476 127	-805 261
Foreign exchange on opening gross book value	53 023	86 728	57 025	22 733	219 509
Gross book value December 31, 2025	1 865 021	3 605 201	2 720 938	1 308 783	9 499 943
Accumulated depreciation January 1, 2025	-842 823	-2 069 497	-452 899	-573 843	-3 939 062
Depreciation during the year	-252 810	-653 613	-343 939	-407 983	-1 658 345
Foreign exchange impact on opening accumulated depreciation	-15 387	-55 267	-8 783	-12 421	-91 858
Accumulated depreciation December 31, 2025	-1 111 020	-2 778 377	-805 621	-994 247	-5 689 265
Net book value December 31, 2025	754 001	826 824	1 915 317	314 536	3 810 678
Net book value December 31, 2024	908 079	1 002 041	1 345 414	492 791	3 748 325

Note 8 - Other prepayments and accrued income

This item is composed of prepayments made regarding expenses relating to periods after December 31, 2025, as well as accrued interest on fixed-income securities held at December 31, 2025. As at December 31, 2025, the other prepayments and accrued income amount to EUR 10,715,249 (EUR 8,670,941 on December 31, 2024).

Note 9 - Subscribed capital

As at December 31, 2025, the subscribed capital amounting to EUR 9,500,000 is paid fully and represented by 9,500,000 shares of EUR 1 each and fully owned by Fairfax Luxembourg Holdings S.à r.l.

Note 10 - Share premium account

As at December 31, 2025, the share premium amounts to EUR 94,876,287.

The movements in the share premium account during the financial year ended December 31, 2025, are as follows:

Share premium account at the beginning of the financial year	EUR	94 876 287
Movements during the financial year 2025	EUR	-
Share premium account at the end of the financial year	EUR	94 876 287

Notes to the annual accounts as at December 31, 2025

Note 11 - Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance in the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

The legal reserve represents 10% of the issued share capital.

Note 12 - Profit or loss brought forward

The profit for the accounting year ended December 31, 2024, amounting to EUR 17,961,826, has been carried forward to 2025 in accordance with the decision of the sole shareholder held in the Annual General Meeting of 2 April 2025. The total accumulated balance is a gain of EUR 28,729,730.

Note 13 - Creditors

Creditors arising out of direct insurance operations amount to EUR 25,913,096, of which EUR 25,876,616 is payable to third parties.

Creditors arising out of reinsurance operations amount to EUR 27,400,297, of which EUR 26,747,512 is payable to third parties.

The breakdown of the creditors at December 31, 2025, is as follows:

	December 31, 2025	December 31, 2024
Creditors - direct insurance	25 913 096	19 437 857
third parties	25 876 616	19 412 169
related parties	36 480	25 688
Creditors - reinsurance	27 400 297	24 258 688
third parties	26 747 512	23 604 321
related parties	652 785	654 367
Other creditors including tax and social security	13 015 124	9 999 006
third parties	13 014 080	9 999 431
third parties - personnel related liability	4 675 889	2 092 217
third parties - tax liabilities	5 175 446	2 814 136
third parties - unallocated cash receipts	280 462	3 128 994
third parties - payable to vendors	951 531	1 099 629
third parties - other	1 930 752	864 455
related parties	1 044	-425
Total	66 328 517	53 695 551

The increase in creditors' reinsurance balance is mainly due to reinstatement premiums paid by reinsurers in 2025. There are no creditor balances that have become due and payable after more than five years.

Notes to the annual accounts as at December 31, 2025

Note 14 - Accruals and deferred income

This item is composed of other accrued charges of EUR 9,182,776, accrued insurance charges of EUR 44,624, as well as deferred ceded premium acquisition costs with third parties of EUR 10,146,485 and ceded premium acquisition costs with third parties of 113,112, along with EUR 113,300 of other deferred income.

	December 31, 2025	December 31, 2024
Accruals and deferred income		
accrued charges other - third parties	9 182 776	7 432 483
accrued charges insurance - third parties	44 624	47 986
deferred income - third parties	10 259 785	3 306 874
deferred income - related parties	113 112	111 897
Total	19 600 297	10 899 240

A more detailed breakdown is shown below:

	December 31, 2025	December 31, 2024
Personnel accruals	7 062 210	5 884 934
Accrued insurance charges	44 624	47 986
Reinsurance DAC	10 146 485	3 091 218
Other accruals	1 889 826	1 240 004
Legal/Audit/Tax services accruals	230 740	307 545
Other deferred income	113 300	215 656
Reinsurance DAC - related parties	113 112	111 897
Total	19 600 297	10 899 240

Note 15 - Results from the non-life insurance operations

The group classification within direct insurance and reinsurance accepted may be presented as follows:

		Fire and natural forces (industrial and commercial risk)	General liability (other)	Accident	Fire and natural forces (houses)	Other	Total
Direct	Gross premiums written	101 117 465	99 729 991	74 514 861	12 282 747	17 578 228	305 223 292
business	Gross premiums earned	88 154 748	97 086 148	72 115 758	10 957 015	17 370 615	285 684 284
	Gross claims incurred	-38 210 857	-29 359 210	-25 861 022	-3 787 686	-3 811 946	-101 030 721
	Gross operating expenses	-34 708 600	-43 771 395	-46 540 599	-6 960 088	-9 260 092	-141 240 774
	Net reinsurance result	-26 555 054	-12 634 606	-324 574	-655 807	-534 498	-40 704 539
Reinsurance	Gross premiums written	15 691 330	6 748 590	84 398	0	1 850 491	24 374 809
acceptances	Gross premiums earned	15 246 059	4 862 100	84 624	0	1 765 028	21 957 811
	Gross claims incurred	-10 663 852	-1 133 898	-67 895	-206	-289 984	-12 155 835
	Gross operating expenses	-5 546 561	-1 491 861	-21 213	-558	-1 006 920	-8 067 113
	Net reinsurance result	3 756 783	-504 340	-425	0	-8 450	3 243 568
Total	Gross premiums written	116 808 795	106 478 581	74 599 259	12 282 747	19 428 719	329 598 101
	Gross premiums earned	103 400 807	101 948 248	72 200 382	10 957 015	19 135 643	307 642 095
	Gross claims incurred	-48 874 709	-30 493 108	-25 928 917	-3 787 892	-4 101 930	-113 186 556
	Gross operating expenses	-40 255 161	-45 263 256	-46 561 812	-6 960 646	-10 267 012	-149 307 887
	Net reinsurance result	-22 798 271	-13 138 946	-324 999	-655 807	-542 948	-37 460 971
	Net technical result	-8 527 334	13 052 938	-615 346	-447 330	4 223 753	7 686 681

Notes to the annual accounts as at December 31, 2025

The 'Other' category comprises multiple lines of business. The main contributors to this category's Gross premium written are GAP and Marine businesses, totalling EUR 7.9 million and EUR 7.0 million, respectively.

Note 16 - Geographic breakdown of premiums written

Gross insurance premiums amounting to EUR 329,598,101 may be broken down into geographic zones according to where the contracts have been concluded:

	December 31, 2025	December 31, 2024
Poland	103 348 339	96 811 555
Czech Republic	67 020 475	63 636 732
Hungary	81 985 126	61 528 044
Slovakia	37 228 683	34 725 348
Romania	23 709 146	23 055 759
Bulgaria	11 418 015	10 432 810
Other EEA	2 711 420	2 419 585
Outside EEA	2 176 897	1 095 556
Total	329 598 101	293 705 389

Note 17 - Acquisition costs

Acquisition costs consist of commissions paid to insurance intermediaries, premium taxes reported as other commissions and expenses relating to the internal salesforce.

Commissions paid to insurance intermediaries relating to direct insurance and assumed reinsurance amount to EUR 64,999,627 (EUR 53,774,678 in 2024). Premium taxes and other items amount to EUR 7,904,263 and EUR 4,296,863 (EUR 7,881,894 and EUR 4,386,119, respectively, in 2024); hence, total commissions, including premium taxes and other items, are EUR 77,200,753 (EUR 66,042,691 in 2024).

The allocation of expenses relating to the internal salesforce amounts to EUR 31,974,628 (EUR 26,810,667 in 2024).

The total Acquisition costs amount to EUR 109,175,381 (EUR 92,853,358 in 2024).

Note 18 - Change in ceded deferred acquisition costs

The 'ceded deferred acquisition costs' are shown on the Balance Sheet in 'Accruals and deferred income' (EUR 10,259,597 in 2025 and EUR 3,203,115 in 2024). The change of the ceded deferred acquisition costs of EUR 7,056,482 is included in 'reinsurance commissions and profit participation' in the Profit and Loss Account.

Notes to the annual accounts as at December 31, 2025

Note 19 - Personnel employed during the year

The average number of staff employed in the financial year of 2025 amounts to 666 and may be broken down into the following categories:

	2025 Year	2024 Year
Management	7	7
Salaried employees	659	628
Total	666	635

The staff costs with respect to the financial year may be broken down as follows:

	2025 Year	2024 Year
Wages and salaries	32 279 665	26 672 631
Social security costs	8 957 567	7 739 744
Other employee expenses	5 027 123	4 499 832
Total	46 264 355	38 912 207

Note 20 - Remuneration granted to members of supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

Remuneration granted to members of the Board of Directors in relation to their responsibilities amounts to EUR 85,500 in 2025 (EUR 82,500 in 2024) and is included in “administrative expenses”. There are no commitments regarding retirement pensions for former members of those supervisory bodies.

Note 21 - Auditors' fees

The audit fees (excluding VAT) for the year ended December 31, 2025, amount to EUR 577,986 (compared to EUR 745,653 in 2024), representing fees for the audit of the annual accounts and the related regulatory reports as well as the branch statutory audits. They are included in “administrative expenses”.

The total breakdown of the fees is as follows:

	2025 Year	2024 Year
Audit fees	566 986	594 653
Audit - related fees	11 000	11 000
Tax fees	56 929	13 809
Other fees related to permissible non-audit services	-	140 000
Total	634 915	759 462

Notes to the annual accounts as at December 31, 2025

Note 22 - Other income and other charges

The income relating to claims expenses paid on behalf of AIG as part of the Claims run-off service agreement is EUR 436,630 (EUR 605,199 in 2024) in the Other income line. The associated claims expenses are presented as Other charges amounting to EUR 436,630 (EUR 605,199 in 2024). Other AIG-related income is EUR 539,263 in 2025 (EUR 491,149 in 2024)

Note 23 – Corporate income taxes

The Company is subject to the applicable general tax regulations in Luxembourg and all countries of the branches in Bulgaria, the Czech Republic, Hungary, Poland, Romania, and Slovakia.

The Company belongs to a group that is within the scope of the EU/OECD Pillar Two model rules. Pillar Two legislation was enacted in Luxembourg, the jurisdiction in which the Company is incorporated, which has come into effect for fiscal years starting on or after 31 December 2023.

The Company conducted an impact assessment of the OECD transitional safe harbour rules and the full Pillar Two rules in Luxembourg and in the jurisdictions of its branches. The Company concluded that it should not be subject to top-up tax in the Czech Republic, Hungary, Luxembourg, Poland, Slovakia, and Romania for the current year. The Company also concluded that the impact of top-up tax for the current year in Bulgaria is anticipated to amount to EUR 35,626.

Based on the last filed tax return, the management of the Company recognises that it has EUR 460,256,280 of carried forward tax losses available as of December 31, 2024, in Luxembourg. The Company estimates approximately EUR 910,871 of taxable income in Luxembourg for the year ended December 31, 2025, which could lead to a potential deferred tax asset of EUR 109,645,749 at a tax rate of 23.87%. Regarding the portion of the aforementioned losses generated from the tax year 2017 onwards (approximately EUR 7,517,875), these can be carried forward for seventeen years following the tax year in which the losses arose.

The utilisation of the aforementioned losses is subject to review by the Luxembourg tax authorities under the usual statute of limitation rules that is 5 years for corporate income tax as from 1 January following the end of the fiscal year. The general statute of limitation may be extended to 10 years in case of an insufficient or incomplete tax return or failure to file a tax return. The existence of the carried forward tax losses remains, therefore, uncertain (at least) until the end of the fifth fiscal year after the fiscal year in which they are used.

The management of the Company also recognises, based on the last filed tax return in Slovakia for its local branch operations, that the Company has EUR 3,634,798 of carried-forward tax losses available as at 31 December 2024 and estimates an initial taxable base of approximately EUR 1,916,070 for the 2025 financial year in Slovakia. The Company plans to utilise tax losses from 2023 and 2024 against this taxable base so that only the minimum corporate income tax of EUR 3,840 is expected to be payable for the 2025 fiscal year. The utilisation of these carried-forward tax losses is subject to review by the Slovak tax authorities under the usual statute of limitation rules applicable to corporate income tax that is 5 years for corporate income tax as from 1 January following the end of the fiscal year. The portion of carried-forward tax losses that is not expected to be utilised in 2025 could give rise to a potential deferred tax asset, measured at the applicable Slovak corporate income tax rate of 24%.

Notes to the annual accounts as at December 31, 2025

Note 24 - Commitments

At December 31, 2025, the Company has the following off-balance sheet commitments:

	December 31, 2025	December 31, 2024
Building leases	5 582 269	7 473 101
Loan facility commitment	-	714 755
Vehicule leases	492 260	554 176
Bank guarantee	61 793	58 734
IT equipment lease	6 681	4 735
Total	6 143 003	8 805 501

The Company's commitments in relation to the lease of premises for its head office and branches, company vehicles, and IT equipment used for its activities and by its employees. The bank guarantees are related to leases and business commitments. The amounts reported represent the future obligations of the Company computed until the expiration of contracts.

Note 25 - Information relating to consolidated undertakings

The Company is included in the consolidated financial statements of Fairfax Financial Holdings Limited, which is the largest and smallest group of undertakings for the Company. The registered office of this undertaking, where the consolidated financial statements are available, is situated at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

Note 26 - Subsequent events

No subsequent events have been identified and recognised.