

**1EDGE INSURANCE PCC LIMITED**

**Annual Report and Audited Financial Statements**

**For the year ended 31 December 2025**

# 1EDGE INSURANCE PCC LIMITED

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# 1EDGE INSURANCE PCC LIMITED

## General information

### Directors

Ms K Barretto  
Mr C Kenning  
Mr I Morris  
Mr R Sharp  
Mr G St Pier

### Appointed Actuary

Mr J Kemp

### Secretary and Manager

Willis Towers Watson Management (Guernsey) Limited  
1<sup>st</sup> Floor  
Albert House  
South Esplanade  
St Peter Port  
Guernsey  
GY1 1AJ

### Registered Office

1<sup>st</sup> Floor  
Albert House  
South Esplanade  
St Peter Port  
Guernsey  
GY1 1AJ

### Independent auditor

Grant Thornton Limited  
St James Place  
St James Street  
St Peter Port  
Guernsey  
GY1 2NZ

### Registered Number

70415

# 1EDGE INSURANCE PCC LIMITED

## Directors' report for the year ended 31 December 2025

The directors present their annual report and the audited financial statements of 1Edge Insurance PCC Limited ('the Company') for the year ended 31 December 2025.

### Incorporation

The Company was incorporated in Guernsey as a company limited by shares on 9 March 2022. There are three cells currently in the PCC.

### Principal activity

The principal activity of the Company is insurance. The Company is authorised and regulated by the Guernsey Financial Services Commission ('GFSC').

### Results and dividends

The results for the year are shown on page 9 to 11.

The Company paid a dividend of £49,000 during the year (2024: £Nil).

### Directors

The present directors are shown on page 3 and served throughout the year, unless indicated otherwise. No director holding office during the year and up to the date of approval of this report had any interests in the shares of the Company during the year.

### Going concern

The financial statements have been prepared on a going concern basis. The directors believe that this basis is appropriate as the Company has net assets in excess of its regulatory solvency requirement and is expected to operate profitably in the foreseeable future.

### Independent auditor

Grant Thornton Limited has been appointed as auditor to the Company and being eligible, have expressed their willingness to continue to act as independent auditor in accordance with Section 258 of the Companies (Guernsey) Law, 2008.

### Business review

The Company experienced growth in underwriting activity during the year, reflected in a material increase in gross written premiums across both general and long-term business lines. This growth resulted from continued product development and increased distribution activity through intermediary relationships.

The Company reported a loss for the year. The directors note that the result was driven primarily by increased costs associated with business expansion, and strengthening of technical provisions as the insurance portfolios continued to develop. Claims experience during the year remained limited and aligned with expectations.

At 31 December 2025, the Company had total assets of £2.6 million and total equity of £0.5 million. During the year, additional capital of £125,000 was injected by the shareholder, primarily through share premium, to support the solvency position of Cell 2 and ensure continued compliance with regulatory capital requirements. The Company maintained a strong liquidity position at year end, with cash and cash equivalents of £1.8 million. The directors consider the Company to be adequately capitalised for the scale and nature of its current operations.

The Company continues to pursue a strategy of controlled growth supported by a flexible protected cell structure, prudent use of reinsurance, and conservative investment and liquidity management. Strategic priorities include the refinement of existing insurance products, development of additional insurance-based structuring solutions, and ongoing cost and risk management as the business matures.

The directors believe that the Company remains well positioned to support its partners and to progress towards sustainable profitability over long term while maintaining high standards of regulatory compliance and governance.

# 1EDGE INSURANCE PCC LIMITED

## Directors' report (continued)

### Statement of directors' responsibilities

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

The directors are responsible for the preparation of financial statements for each financial year in accordance with the Companies (Guernsey) Law, 2008, the Insurance Business (Bailiwick of Guernsey) Law, 2002 and UK Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and FRS103 'Insurance Contracts: Consolidated accounting and reporting requirements for entities in the UK and Republic of Ireland issuing insurance contracts.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 and the Insurance Business (Bailiwick of Guernsey) Law, 2002. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### Disclosure of information to auditor

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 249 of The Companies (Guernsey) Law, 2008.

### On behalf of the Board of Directors

Signed by:

*Richard Sharp*

.....  
Director

30/04/2026

.....  
Date

# 1EDGE INSURANCE PCC LIMITED

## Independent auditor's report To the Shareholders of 1Edge Insurance PCC Limited

### Opinion

We have audited the financial statements of 1Edge Insurance PCC Limited (the 'Company') for the year ended 31 December 2025 which comprise the Statement of Comprehensive Income – Technical Account – General Business, Statement of Comprehensive Income – Technical Account – Long-term Business, Statement of Comprehensive Income – Non-technical Account, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance for the year then ended;
- are in accordance with United Kingdom accounting standards, Financial Reporting Standard applicable in the United Kingdom, and the Republic of Ireland ("FRS 102") and applicable sections of Financial Reporting Standard 103. "Insurance Contracts; Consolidated accounting and reporting requirements for entries in the United Kingdom and Republic of Ireland issuing insurance contracts" ("FRS 103"); and
- comply with The Companies (Guernsey) Law, 2008 and are in accordance with The Insurance Business (Bailiwick of Guernsey) Law, 2002.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with FRS 102 Section 1A, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# 1EDGE INSURANCE PCC LIMITED

## Independent auditor's report (continued)

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 management.
- Conclude on the appropriateness of management's 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 auditor's report to the related disclosures in the financial statements 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 auditor's 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

### Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Matter on which we are required to report under The Insurance Business (Bailiwick of Guernsey) Law 2002

Pursuant to Section 33 of The Insurance Business (Bailiwick of Guernsey) Law 2002, we are required to examine the annual return of the Company and to report to you if in our opinion, the information given in the annual return is inconsistent with the financial statements.

Pursuant to Section 36 of The Insurance Business (Bailiwick of Guernsey) Law 2002, we are required to make specific reference to any transaction, other than a transaction in the normal course of business, which has, in our opinion, resulted in the statement of financial position showing a situation materially different from that which would otherwise have obtained and which is not adequately disclosed in the accounts.

## **1EDGE INSURANCE PCC LIMITED**

### **Independent auditor's report (continued)**

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

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.



**Grant Thornton Limited**  
Chartered Accountant  
St Peter Port, Guernsey

Date: 30 April 2026

# 1EDGE INSURANCE PCC LIMITED

## Statement of comprehensive income for the year ended 31 December 2025

Technical Account – General Business		31/12/2025	31/12/2024
	Notes	£	£
<b>Premiums</b>			
Gross written premiums		489,228	144,394
Outward reinsurance premiums		(204,889)	(47,691)
<b>Premiums written, net of reinsurance</b>		<u>284,339</u>	<u>96,703</u>
Change in unearned premium reserve	8a	(135,777)	(119,067)
Change in reinsurers' share in unearned premium reserves	8b	60,414	39,699
<b>Earned premium, net of reinsurance</b>		<u>208,976</u>	<u>17,335</u>
Investment income			
- interest on loan to group company		11,909	54,338
- interest on investments		2,195	11,560
Unrealised (loss)/gain on investments		-	(56)
		<u>14,104</u>	<u>65,842</u>
<b>Claims incurred, net of reinsurance</b>			
Claims paid		(21,361)	(3,850)
		<u>(21,361)</u>	<u>(3,850)</u>
<b>Change in technical provisions, net of reinsurance</b>			
General business provision, net of reinsurance			
- gross amount	8b	(3,752)	(98,130)
- reinsurers' share		-	88,000
<b>Total technical charges</b>		<u>(3,752)</u>	<u>(10,130)</u>
<b>Net operating expenses</b>			
Commission expenses		(196,016)	(58,336)
Change in deferred acquisition costs		53,761	48,250
Administrative expenses	6	(297,332)	(231,151)
		<u>(439,587)</u>	<u>(241,237)</u>
<b>Balance on technical account for general business</b>		<u>(241,620)</u>	<u>(172,040)</u>

All activities are from continuing operations.

The notes on pages 14 to 28 form part of these financial statements.

**1EDGE INSURANCE PCC LIMITED****Statement of comprehensive income  
for the year ended 31 December 2025**

<b>Technical Account – Long-term Business</b>		<b>31/12/2025</b>	<b>31/12/2024</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Premiums</b>			
Gross written premiums		458,589	203,357
Outward reinsurance premiums		(205,906)	(89,519)
<b>Earned premium, net of reinsurance</b>		<u>252,683</u>	<u>113,838</u>
Other income		20,000	-
Investment income		29,986	40,532
Unrealised (loss)/gain on investments		332	(1,110)
		<u>50,318</u>	<u>39,422</u>
<b>Changes in technical provisions</b>			
Long-term business provision, net of reinsurance			
- gross amount	8a	137,456	130,556
- reinsurers' share	8b	8,808	12,564
Change in other technical provisions	8a	48,751	240,280
<b>Total technical charges</b>		<u>195,015</u>	<u>383,400</u>
<b>Net operating expenses</b>			
Commission expenses		(195,418)	(91,588)
Administrative expenses	6	(412,828)	(180,800)
		<u>(608,246)</u>	<u>(272,388)</u>
<b>Balance on technical account for long-term business</b>		<u>(110,230)</u>	<u>264,272</u>

All activities are from continuing operations.

**1EDGE INSURANCE PCC LIMITED****Statement of comprehensive income  
for the year ended 31 December 2025**

<b>Non-technical Account</b>	<b>31/12/2025</b>	<b>31/12/2024</b>
	<b>Notes</b>	
		<b>£</b>
<b>Balance on technical account for general business</b>		(241,620)
<b>Balance on technical account for long-term business</b>		(172,040)
		<u>264,272</u>
<b>Total income/(loss)</b>		<u>(351,850)</u>
Administrative expenses	6	<u>36,254</u>
<b>(Loss)/profit for the year</b>		<u>(4,495)</u>
Other comprehensive income		-
		<u>-</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><u>(315,596)</u></u>
		<u><u>87,737</u></u>

All activities are from continuing operations.

The notes on pages 14 to 28 form part of these financial statements.

# 1EDGE INSURANCE PCC LIMITED

## Statement of financial position as at 31 December 2025

	Notes	2025 £	2024 £
<b>Assets</b>			
Debtors arising out of direct insurance operations		201,028	79,290
Reinsurers' share of long-term business technical provisions	8b	26,027	17,219
Reinsurers' share of non-long-term business technical provisions	8b	198,165	137,751
Deferred acquisition costs		102,226	48,264
Other financial investments	10	100,457	991,091
Accrued interest		-	60,707
Other debtors and prepayments		225,471	2,754
Cash and cash equivalents		1,818,798	378,903
<b>Total assets</b>		<b>2,672,172</b>	<b>1,715,979</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	12	1,624,511	1,624,511
Share premium		286,795	210,795
Retained earnings		(1,360,342)	(1,044,746)
<b>Total equity</b>		<b>550,964</b>	<b>790,560</b>
<b>Liabilities</b>			
Gross insurance contract liabilities			
- Long-term business technical provision	8a	238,869	425,076
- Non-long-term business technical provisions – Incurred but not reported claims (IBNR)	8a	114,382	110,630
- Provision for unearned premiums	8a	255,455	119,146
Deferred Income		57,500	-
Creditors arising out of technical operations		187,519	69,091
Other payables	11	166,483	201,476
Term loan facility	14	1,101,000	-
<b>Total liabilities</b>		<b>2,121,208</b>	<b>925,419</b>
<b>Total equity and liabilities</b>		<b>2,672,172</b>	<b>1,715,979</b>

The financial statements were approved by the Board of Directors on 27 April 2026 and are signed on its behalf by:

Signed by:

*Richard Sharp*

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Director

The notes on pages 14 to 28 form part of these financial statements.

**1EDGE INSURANCE PCC LIMITED****Statement of changes in equity  
for the year ended 31 December 2025**

	Note	Share capital £	Share premium £	Retained earnings £	Total £
<b>At 31 December 2023</b>		2,424,511	-	(1,132,483)	1,292,028
Return of share capital	12	(800,000)	-	-	(800,000)
Injection of capital		-	210,795	-	210,795
Total comprehensive income for the year		-	-	87,737	87,737
<b>At 31 December 2024</b>		1,624,511	210,795	(1,044,746)	790,560
Dividend			(49,000)		(49,000)
Injection of capital		-	125,000	-	125,000
Total comprehensive losses for the year		-	-	(315,596)	(315,596)
<b>At 31 December 2025</b>		1,624,511	286,795	(1,360,342)	550,964

The notes on pages 14 to 28 form part of these financial statements.

# 1EDGE INSURANCE PCC LIMITED

## Notes to the financial statements for the year ended 31 December 2025

### 1. General information

1Edge Insurance PCC Limited ('the Company') is registered in Guernsey and is a Protected Cell Company ("PCC") in accordance with the provisions of the Companies (Guernsey) Law, 2008. There are three cells currently licensed in the PCC, 1Edge Insurance Cell 1 ("Cell 1"), 1Edge Insurance Cell 2 ("Cell 2") and 1Edge Insurance Cell 3 ("Cell 3"). Cell 1 transacts general international insurance business, Cell 2 transacts long-term international insurance business, both to retail customers in the UK, and Cell 3 is licensed to write collateralised reinsurance.

The purpose of the Company is to provide a structure for its cells to underwrite insurance business.

### 2. Basis of preparation and statement of compliance

The financial statements have been prepared under the historical cost convention and in accordance with the Insurance Business (Bailiwick of Guernsey) Law, 2002 and United Kingdom accounting standards, Financial Reporting Standard applicable in the United Kingdom, and the Republic of Ireland ("FRS 102") and applicable sections of Financial Reporting Standard 103. "Insurance Contracts; Consolidated accounting and reporting requirements for entries in the United Kingdom and Republic of Ireland issuing insurance contracts" ("FRS 103"), except as noted below:

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- the requirements of Section 7 Statement of Cash Flows; and
- the requirements of Section 33 Related Party Disclosures.

The preparation of financial statements in conformity with FRS 102 and FRS 103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### Going concern

The financial statements have been prepared on a going concern basis. The directors believe that this basis is appropriate as the Company has net assets in excess of its regulatory solvency requirement and is expected to operate profitably in the foreseeable future.

### 3. Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

#### Insurance contracts classification

The Company underwrites specialist insurance through a protected cell company structure. The business is currently in a growth and development phase, writing both general and long-term insurance contracts, and utilises fronting and reinsurance arrangements to manage underwriting risk. Insurance contracts are accounted for in accordance with Section 21 of FRS 102 and the applicable provisions of FRS 103.

# 1EDGE INSURANCE PCC LIMITED

## Notes to the financial statements (continued) for the year ended 31 December 2025

### 3. Significant accounting policies (continued)

#### Premiums written

##### *General insurance business*

Premiums written relate to business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued and include estimates of premiums due but not yet receivable or notified to the Company, less an allowance for cancellations. Gross premiums written are calculated in accordance with the terms of each insurance agreement and accounted for in the period in which they are due to be received.

##### *Long-term insurance business*

Premium, including reinsurance premiums, are accounted for when due for payment.

#### Reinsurance premium

Contracts entered into by the Company with reinsurers, under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts. Reinsurance premiums are recognised in the period in which they become payable.

#### Unearned premium reserve/Unexpensed reinsurance premium

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the reporting date for general insurance business, calculated on a time apportionment basis.

Reinsurers' share in unearned premiums represent the reinsurers' proportion of premiums written in the year that relate to unexpired terms of policies in force at the reporting date, calculated on a time apportionment basis.

#### Commission expenses

Commission expenses, which represent commission and other expenses related to general insurance business are deferred and amortised over the period in which the related premiums are earned.

#### Claims paid

Claims incurred comprise claims and related expenses paid in the year together with any other adjustments to claims from previous years. Claims paid are calculated in accordance with the terms of each insurance agreement and are recognised as an expense when due for payment to the insured.

The share of claims paid attributed to reinsurers is accounted for in the same period as the related claims.

Death claims and all other claims are accounted for when notified.

#### Long-term business technical provision

The long-term business technical provisions comprise policy reserves and other technical provisions which comprise overhead expense reserves relating to policies existing as at the reporting date.

The policy reserves have been determined on a policy by policy basis by projecting the expected future cash flows over the remaining duration of the policies from the reporting date, and discounting at risk free rates. The future cash flows comprise of premiums less the future cash outflows relating to claims and maintenance expenses.

The other technical provisions have been determined by projecting the expected future fixed overhead expenses in excess of the maintenance expenses included within the policy reserves, and discounting at risk free rates.

## 1EDGE INSURANCE PCC LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2025

#### 3. Significant accounting policies (continued)

##### General business technical provisions – Incurred but not reported claims (IBNR)

The estimation of claims incurred but not reported (IBNR) is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves.

Provisions are calculated gross of any reinsurance share of technical provisions.

##### Reinsurers' share of long-term business technical provision

Long-term business is ceded to reinsurers under contracts to transfer part or all of one or more of the following risks: mortality and expenses. Such contracts are accounted for as insurance contracts provided the risk transfer is significant.

The amounts that will be recoverable from reinsurers are estimated based upon the gross provisions, having due regard to collectability. Creditors arising out of reinsurance operations are primarily premiums payable for reinsurance contracts and are recognised in the profit and loss account as 'Outwards reinsurance premiums' when due.

The reinsurer's share of policy reserves has been determined by projecting the future cash flows relating only to reinsurance premiums and recoveries.

##### Reinsurers' share of general business technical provision

The non-long-term business is reinsured under a quota share agreement with the reinsurer. The reinsurer's share of the technical provision is based on the terms of that quota share agreement.

##### Financial assets and financial liabilities

The Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and the disclosure requirements of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company classifies its financial assets as cash and cash equivalents, investments, intercompany loan and other receivables.

##### *i) Initial recognition and subsequent measurement*

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs) and are subsequently held at amortised cost, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs) and subsequently are re-measured at fair value at each reporting date.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### *ii) Derecognition of financial instruments*

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

# 1EDGE INSURANCE PCC LIMITED

## Notes to the financial statements (continued) for the year ended 31 December 2025

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

### 3. Significant accounting policies (continued)

#### Financial assets and financial liabilities (continued)

##### *iii) Investments*

The Company classifies its investments in fixed term debt instruments as financial assets at fair value through profit or loss. The classification is dependent on the purpose for which the investments were acquired. The directors determine the appropriate classification of investments at the time of purchase and re-evaluate such designation at every reporting date.

Financial assets at fair value through profit or loss are part of a group of investments that is managed on a portfolio basis and whose performance is evaluated and reported internally on a fair value basis to the Company's Board in accordance with a documented investment strategy.

##### *iv) Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss. When a financial asset is recognised initially it is measured at fair value plus transaction costs that are directly attributable to the acquisition or issue. Loans and receivables are subsequently measured at amortised cost using the effective interest method. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. This basis of valuation is viewed by the directors as having prudent regard to the likely realisable value. Discounting has not been applied to loans and receivables as they are repayable on demand.

#### Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

If there is objective evidence that an impairment loss has been incurred the carrying value of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed through the statement of comprehensive income.

#### Other payables

Other payables are financial liabilities and are recognised initially at fair value, net of directly attributable transactions costs and are subsequently stated at amortised cost, using the effective interest method.

#### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with bank and other short-term highly liquid investments with original maturities of three months or less.

#### Investment income

Investment income includes interest income earned on certificates of deposits and the loan to Stubben Edge Group Limited and is accounted for in the statement of comprehensive income on an accruals basis.

# 1EDGE INSURANCE PCC LIMITED

## Notes to the financial statements (continued) for the year ended 31 December 2025

### Other income

Other income related to amounts recoverable from the parent entity.

### 3. Significant accounting policies (continued)

#### Administrative expenses and cost recoveries

Administrative expenses include operating and setup costs incurred by the Company in the management of its protected cell structure. Certain costs incurred by the Core are recharged to the Cells or recovered from the Group on a cost-recovery basis, with no profit element. Such recoveries are presented net within administrative expenses.

#### Equity

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period results of operations as disclosed in the statement of comprehensive income.

### 4. Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The ultimate liability arising from the claims made under insurance contracts is the Company's most critical accounting estimate.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk and the value of expenses for each of the years in which the Company is exposed to risk. For the expected number of deaths, the Company bases these estimates on mortality tables produced by the Royal Dutch Actuarial Association that is populated by data from a series of European countries with an above average Gross Domestic Product of which the UK is included, the Continuous Mortality Investigation Working Papers 154,181 and 185 and figures provided by an A-rated reinsurer's internal mortality rates. For the value of expenses, the Company takes the current level of recurring expense as an appropriate expense base and increases it each year in line with UK inflation, derived from the Solvency II spot curve of GBP risk free rates as at 31 December 2025 published by the European Insurance and Occupational Pensions Authority ("EIOPA"), projected on a present value basis using an appropriate discount rate over the expected five year duration of in force policies plus the present value of the projected cost of transferring the book of long-term insurance contracts to another insurer after five years.

### 5. Management of insurance and financial risk

#### Insurance risk management

The Company, through its cells, issues contracts that transfer insurance and/or financial risks. This section summarises these risks and the way that the Company will manage them.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance event, this risk is random and therefore unpredictable. The terms and conditions of the contracts set out the basis for the determination of the Company's liability should the insured event occur.

The Company manages these risks through an underwriting strategy that has been approved by the Board after having considered experts' advice. The contracts issued by the Company are issued with limits on event or aggregate liability towards the policyholder. The Company engages the services of an insurance manager to assist in managing its operations and will seek actuarial advice to support the directors' view on the adequacy of its loss reserves for certain classes of business.

#### *i) Frequency and severity of claims*

## 1EDGE INSURANCE PCC LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2025

#### Cell 1 – general insurance business - term life insurance

Policies are issued for a 12-month period and cover individual customers. The factors that give rise to claims under this policy relate to the death of a covered party during the period of insurance.

## 5. Management of insurance and financial risk (continued)

### Insurance risk management (continued)

#### Cell 1 – general insurance business – non-life insurance

Policies are issued for 1-3 years and claims are restricted to three per year and capped per claim per policy. A claims handler is engaged to handle these claims.

#### Cell 2 – long-term insurance business

Cell 2 writes four products: Impaired Life, 2-Year IHT Cover, Simplified Life, and Eleos Life.

#### Impaired Life

The Impaired Life product provides cover for individuals who have been declined by mainstream insurers due to elevated medical or underwriting risk.

The most significant factor that could increase claims is deterioration in mortality experience, particularly due to epidemics, widespread health events, or adverse lifestyle trends. Because policyholders already exhibit elevated medical risk, any external mortality shock can materially increase claims.

The risks underwritten are well diversified in terms of type of risk and level of insured benefits. Medical selection is undertaken in accordance with agreed underwriting procedures, with premiums varied to reflect the health condition and risk profile of applicants. The Company reinsures this business on a 100% quota-share basis. The reinsurer has provided collateral in the form of a £1 million letter of credit issued by an A-rated bank to guarantee payment of reinsurance benefits in the event of default.

#### 2-Year inheritance tax (IHT) Cover

The 2-Year IHT Cover product provides short-term protection during the business property relief qualifying period, offering level sums assured based on invested amounts.

The primary factor that could increase claims is higher mortality among older policyholders, as this product typically covers individuals aged in their late 70s to 80s. Claims may rise due to short-term mortality shocks, including seasonal illnesses, respiratory epidemics, or events that disproportionately affect older populations.

Underwriting focuses on assessing mortality risk for older applicants based on simplified medical declarations and information provided by distributors. Premiums vary by age and individual risk characteristics. The Company reinsures this business on a 100% quota-share basis with an unrated reinsurer. No collateral arrangement is in place; however, the company considers exposure to be limited due to the short duration of the product and the capped sums assured.

#### Simplified Life and Eleos Life

The Simplified Life and Eleos Life products operate under the same underwriting and reinsurance structure. Both products provide level-term assurance with simplified underwriting and include a terminal illness benefit. Entry ages range from 18 to 55 or 60, and policy terms extend up to 20 years. Sums assured are fixed, with premiums payable monthly in advance.

The most significant factor that could increase claims is deterioration in mortality among relatively healthy but underserved policyholders, driven by unexpected increases in early-term mortality, lifestyle-related deterioration, or short-term mortality events such as epidemics. Given the simplified underwriting basis, any sudden shift in mortality levels may result in higher-than-priced claims.

Risks are appropriately screened using streamlined medical and lifestyle declarations provided through distributors. Premiums are set by reference to age, smoker status and reinsurance pricing parameters. The Company reinsures both products on a 90% quota-share basis with a highly rated reinsurer, providing significant protection against adverse mortality experience and minimising counterparty default risk. The

## 1EDGE INSURANCE PCC LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2025

Company continues to review underwriting outcomes to ensure risk selection remains aligned with the intended risk profile.

#### 5. Management of insurance and financial risk (continued)

##### Insurance risk management (continued)

###### Cell 3

Cell 3 has entered collateralised aggregate excess of loss reinsurance treaties that provide protection against aggregate underwriting losses. Cover attaches only once defined aggregate retentions are exceeded and is capped at a fixed reinsurance limit, applying primarily to the current underwriting year and, in line with Lloyd's accounting framework, extending to specified prior open Years of Account as prospective adverse development cover rather than a transfer of existing liabilities.

The reinsurance obligations are fully supported by collateral funded through a limited-recourse loan facility, with the loan proceeds restricted in use. The collateral may only be applied to settle valid reinsurance claims or released in accordance with treaty terms, and the financing is structured so that Cell 3 has no exposure beyond the collateral posted, as the loan is repayable solely from available transaction assets with no recourse to the Cell's general assets, any remaining balance being extinguished if the collateral is fully utilised, while interest and fees accrue over the life of the arrangement reflecting the period for which the collateral remains posted.

###### ii) Process used to decide on assumptions

The process for determining the discount rates used to calculate the long-term liabilities comprise of determining the determining the type of assets held and the current yield after allowing for risk.

The majority of the assets are repayable on demand and the investments held are in short term certificates of deposit that can be considered risk free. Expected future cash flows have therefore been discounted at risk free rates.

The assumptions used for the insurance contracts disclosed in this note are as follows:

**Economic:** Projected future cash flows have been discounted using the Solvency II spot curve of GBP risk free rates as at 31 December 2025, as published by the European Insurance and Occupational Pensions Authority ("EIOPA"). The curve reflects updated interest rate levels across durations up to 20 years, consistent with the longest policy terms in force.

**Mortality:** Mortality assumptions are set using bases appropriate to each product, consistent with reinsurer pricing and industry standards:

- Impaired Life uses AG2018 standard tables produced by the Royal Dutch Actuarial Association
- 2-Year IHT Cover uses Continuous Mortality Investigation Working Papers 181,185
- Simplified Life uses Continuous Mortality Investigation Working Papers 154
- Eleos Life uses mortality rates provided by Munich Re

Mortality assumptions reflect expected future mortality for each risk group without prudential margins, in line with "best estimate" requirements.

**Lapse:** Lapse assumptions are set using recent experience and pricing assumptions for each product. For Impaired Life business, observed experience during 2025 supported maintaining a 7% per annum lapse rate. Lapse rates for the three products launched in 2025 follow pricing assumptions, varying by policy duration

**Renewal expense level and inflation:** The current level of expenses is taken as an appropriate expense base and increased each year in line with UK inflation, derived from the implied inflation spot curve as at 31 December 2025 published by the Bank of England.

# 1EDGE INSURANCE PCC LIMITED

## Notes to the financial statements (continued) for the year ended 31 December 2025

### 5. Management of insurance and financial risk (continued)

#### iii) Sensitivity analysis

The following tables present the sensitivity of the value of insurance liabilities to movements in the assumptions used in the estimation of insurance liabilities. The movement in the value of the liability would result in a corresponding change to profit or loss and equity.

Variable	Change in variable	Increase in liability/reduction in asset	
		2025 £	2024 £
Reduction in discount rate	50bps down stress	9,646	9,646
Worsening of mortality	15%	1,597	1,597
Increase in lapse rate	40% p.a.	35,558	35,558
Worsening of renewal expense inflation rate	1% p.a.	0	0

An increase in lapses on term assurance business increases the long-term business provision, as the decrease in assumed future premium income exceeds the decrease in assumed future claims.

The above analyses are based on a change in an assumption while holding all other assumptions constant.

Within the range of reasonably possible changes in variables, an assumed improvement in an assumption would give rise to a decrease in liabilities approximately equivalent the increase in liabilities that would result from the equivalent deterioration of the assumption.

#### iv) Claims development

Further information on the timing and amounts of claim payments is not presented as the uncertainty is typically resolved within one year and at 31 December 2025, there were no material outstanding insured claims.

#### Financial risk management

The Company is exposed to a range of financial risks through its financial assets and financial liabilities. The most important components of this financial risk are market risk (including interest rate risk), credit risk and liquidity risk. The risk management policies employed by the Company to manage these risks are discussed below.

##### i) Market risk

###### Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of differences in market interest rates.

Interest rate risk is managed by investment guidelines set out by the Company and by Guernsey regulatory requirements. The Company's investments as at year end comprised an intercompany loan to the ultimate parent company, investments in certificates of deposits and cash and cash equivalents.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. An increase/decrease of 200 basis points (2024: 200 basis points) in interest yields would result in an increase/decrease in profit for the period of £38,385 (2024: £27,400).

###### Currency risk

## 1EDGE INSURANCE PCC LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2025

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. All the Company's assets and liabilities are denominated in Great British Pounds Sterling and as such the directors believe there is no significant foreign currency risk to the Company.

#### 5. Management of insurance and financial risk (continued)

##### Financial risk management (continued)

##### ii) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are included in the table below.

The assets bearing credit risk are summarised below, together with an analysis by credit rating by Standard & Poors unless otherwise indicated:

	2025	2024
	£	£
<b>Nether past due nor impaired</b>		
Other financial investments	100,457	991,091
Debtors arising out of direct insurance operations	201,028	79,290
Other sundry debtors	225,471	1,986
Accrued interest	-	60,707
Cash and cash equivalents	1,818,798	378,903
	<hr/>	<hr/>
Total assets bearing credit risk	2,345,754	1,511,977
	<hr/>	<hr/>
	2025	2025
	£	£
AA	-	254,766
A	1,656,380	881,627
BBB	262,874	-
Not rated	426,500	375,584
	<hr/>	<hr/>
Total assets bearing credit risk	2,345,754	1,511,977
	<hr/>	<hr/>

No financial assets are materially past due or impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

##### iii) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The table below analyses the maturity of the Company's financial and insurance assets, outstanding claims and financial and insurance liabilities. The financial assets and financial liabilities analyses are presented based on the contractual maturities and the gross insurance contract liabilities analysis are based on the projected settlement date.

# 1EDGE INSURANCE PCC LIMITED

## Notes to the financial statements (continued) for the year ended 31 December 2025

### 5. Management of insurance and financial risk (continued)

#### Financial risk management (continued)

#### iii) Liquidity risk (continued)

At 31 December 2025	Total	Within 1	1 – 3	3 – 5	5 – 20
	£	Year	Years	Years	Years
	£	£	£	£	£
<b>Financial and insurance assets</b>					
Other financial investments	100,457	100,457	-	-	-
Debtors arising out of direct insurance operations	201,028	201,028	-	-	-
Reinsurers' share of non-long-term business technical provisions	198,165	198,165	-	-	-
Reinsurers' share of long-term business technical provisions	26,027	(31,351)	(8,281)	5,271	60,388
Other receivables and accrued income	225,471	225,471	-	-	-
Cash and cash equivalents	1,818,798	1,818,798	-	-	-
<b>Total assets</b>	<b>2,569,946</b>	<b>2,512,568</b>	<b>(8,281)</b>	<b>5,271</b>	<b>60,388</b>
	<b>Total</b>	<b>Within 1</b>	<b>1 – 3</b>	<b>3 – 5</b>	<b>5 -20</b>
	<b>£</b>	<b>Year</b>	<b>Years</b>	<b>Years</b>	<b>Years</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial and insurance liabilities</b>					
Expense reserve for long-term business	238,869	(37,034)	23,561	271,513	(19,171)
Non-long-term business technical provisions – IBNR	114,382	114,382	-	-	-
Term loan facility	1,101,000	-	1,101,000	-	-
Deferred income	57,500	-	-	-	-
Creditors arising out of technical operations	187,519	187,519	-	-	-
Other payable	166,483	166,483	-	-	-
<b>Total liabilities</b>	<b>1,865,753</b>	<b>431,350</b>	<b>1,124,561</b>	<b>271,513</b>	<b>(19,171)</b>
<b>Total liquidity gap</b>	<b>704,193</b>	<b>2,081,218</b>	<b>(1,132,842)</b>	<b>(266,242)</b>	<b>79,559</b>

# 1EDGE INSURANCE PCC LIMITED

## Notes to the financial statements (continued) for the year ended 31 December 2025

### 5. Management of insurance and financial risk (continued)

#### Financial risk management (continued)

##### iv) Liquidity risk (continued)

At 31 December 2024	Total	Within 1 Year	1 – 3 Years	3 – 5 Years	5 – 10 Years
	£	£	£	£	£
<b>Financial and insurance assets</b>					
Other financial investments	991,091	991,091	-	-	-
Debtors arising out of direct insurance operations	79,290	79,290	-	-	-
Reinsurers' share of non-long-term business technical provisions	137,751	137,751	-	-	-
Reinsurers' share of long-term business technical provisions	17,219	(17,855)	(11,439)	7,252	39,261
Other receivables and accrued income	63,461	63,461	-	-	-
Cash and cash equivalents	378,903	378,903	-	-	-
<b>Total assets</b>	<b>1,667,715</b>	<b>1,632,641</b>	<b>(11,439)</b>	<b>7,252</b>	<b>39,261</b>
	<b>Total</b>	<b>Within 1 Year</b>	<b>1 – 3 Years</b>	<b>3 – 5 Years</b>	<b>5 -10 Years</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial and insurance liabilities</b>					
Expense reserve for long-term business	425,076	10,257	56,520	92,798	265,501
Non-long-term business technical provisions – IBNR	110,630	110,630	-	-	-
Creditors arising out of reinsurance operations	69,091	69,091	-	-	-
Other payable	201,476	201,476	-	-	-
<b>Total liabilities</b>	<b>806,273</b>	<b>391,454</b>	<b>56,520</b>	<b>92,798</b>	<b>265,501</b>
<b>Total liquidity gap</b>	<b>861,442</b>	<b>1,241,187</b>	<b>(67,959)</b>	<b>(85,546)</b>	<b>(226,240)</b>

#### Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for the stakeholders and to maintain an optimal capital structure.

The fair values of the other financial investments, cash and cash equivalents, other receivables and accrued interest and debtors arising out of direct insurance operations approximate the carrying values due to the short-term nature (less than one year) of these instruments.

The directors consider the capital of the Company to be limited to the issued share capital being £1,624,511 (2024: £1,624,511).

# 1EDGE INSURANCE PCC LIMITED

## Notes to the financial statements (continued) for the year ended 31 December 2025

### 5. Management of insurance and financial risk (continued)

#### Financial risk management (continued)

The Company is obliged to maintain capital requirements in line with the guidelines laid down in the Insurance Business (Solvency) Rules, 2021 and the Companies (Guernsey) Law, 2008. Cell 2 did not meet the requirements of the Insurance Business (Solvency) Rules and Guidance, 2021 in the prior year. This was due to the results of the prior year actuarial analysis requiring an expense provision to be established. Cash injections of £110,795 and £100,000 were contributed by the Company's parent into the Cell as share premium on 29 May 2025 and 6 June 2025 respectively bringing the Cell into a position whereby the requirements were met.

### 6. Administrative expenses

Administrative expenses include operating and setup costs incurred by the Company, which are recharged to the Cells or recovered from the Group on a cost-recovery basis. Where such recharges or recoveries exceed costs incurred by the Core during the period, this results in a net credit within administrative expenses.

Expenses	2025				2024		
	Core £	Cell 1 £	Cell 2 £	Cell 3	Core £	Cell 1 £	Cell 2 £
Management fees	25,000	88,522	100,000	21,688	25,000	74,010	99,357
Directors' fees	41,507	-	-	-	48,493	-	-
Audit fee	10,153	10,153	39,450	6,000	8,295	8,295	8,295
Regulatory fees	8,395	10,319	3,244	105	10,531	3,460	2,305
Professional fees	-	6,350	88,138	98,072	2,100	-	24,500
Investment management fees	-	81	795	-	-	332	1,153
Sundry expenses	1,704	142,378	103,222	1,093	134	100,025	161
Set up costs recovered from Group	-	-	-	(132,463)	-	-	-
Facility fee	(123,013)	45,034	77,979	-	(90,058)	45,029	45,029
<b>Total expenses</b>	<b>(36,254)</b>	<b>302,837</b>	<b>412,828</b>	<b>(5,505)</b>	<b>4,495</b>	<b>231,151</b>	<b>180,800</b>

The Company has no employees. The three independent non-executive directors are paid £15,000 in director's fees (2024: £15,000) each per annum.

### 7. Particulars of business

The Company writes specialist insurance premiums through its protected cell structure, predominantly on a fronted and reinsured basis. Premium income is recognised in the technical account in accordance with the accounting policies stated in Note 3.

# 1EDGE INSURANCE PCC LIMITED

## Notes to the financial statements (continued) for the year ended 31 December 2025

### 8. Movement in insurance liabilities and reinsurance assets

#### a) Movement in insurance liabilities

	2025 £	2024 £
<b>Long-term business technical provisions</b>		
At the beginning of the year	425,076	795,912
Change in long-term business provision, net of reinsurance	(137,456)	(130,556)
Change in other technical provisions	(48,751)	(240,280)
Total at the end of the year	<u>238,869</u>	<u>425,076</u>

#### General business technical provisions

At the beginning of the year		
- Provision for claims	630	-
- Incurred but not reported claims	110,000	12,500
	<u>110,630</u>	<u>12,500</u>

#### Change in year

- Provision for claims	3,752	630
- Incurred but not reported claims	-	97,500

#### Total at the end of the year

- Provision for claims	4,382	630
- Incurred but not reported claims	110,000	110,000
	<u>114,382</u>	<u>110,630</u>

#### Provision for unearned premiums

At the beginning of the year	119,146	79
Increase in the year	135,777	119,067
Other movements	532	-
Total at the end of the year	<u>255,455</u>	<u>119,146</u>

#### b) Movement in reinsurance assets

	2025 £	2024 £
<b>Reinsurers' share of long-term business technical provision</b>		
At the beginning of the year	17,219	4,655
Change in year	8,808	12,564
Total at the end of the year	<u>26,027</u>	<u>17,219</u>

#### Reinsurers' share of general business technical provisions

At the beginning of the year		
- Provision for unearned premium	39,751	52
- Technical provisions	98,000	10,000

#### Increase in the year

- Provision for unearned premium	60,414	39,699
- Technical provisions	-	88,000

#### Total at the end of the year

- Provision for unearned premium	100,165	39,751
- Technical provisions	98,000	98,000
	<u>198,165</u>	<u>137,751</u>

## 1EDGE INSURANCE PCC LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2025

#### 9. Taxation

The Company is liable to income tax at the standard rate of 0% in Guernsey.

#### 10. Other financial investments

	2025	2024
	£	£
Loan to group company	-	233,601
Investments – certificates of deposit	100,457	757,490
	<u>100,457</u>	<u>991,091</u>

The loan to group company was repaid in full during the year (2024: £233,601). The loan to Stubben Edge Group Limited carried a commercial rate of interest at an annualised rate of 50 basis points above the Sterling Overnight Index Average (SONIA) rate.

The Company held short term certificates of deposit totalling £100,457 (2024: £757,490) at the year end.

#### 11. Other payables

	2025	2024
	£	£
Management fees	30,604	143,489
Audit fee	45,885	22,500
Directors' fees	-	14,741
Professional fees	84,832	18,600
IPT payable	2,307	2,028
Interest payable	1,093	-
Sundry expenses	1,762	118
	<u>166,483</u>	<u>201,476</u>

#### 12. Share capital

	2025	2024
	£	£
<b>Ordinary shares</b>		
<b>Authorised equity share capital:</b>		
100,000 ordinary voting core shares of £1 each in the Core	100,000	100,000
700,000 non-voting redeemable cell shares of £1 each in Cell 1	700,000	700,000
824,511 non-voting redeemable cell shares of £1 each in Cell 2	824,511	824,511
1 non-voting redeemable cell shares of £0.01 each in Cell 3	-	-
	<u>1,624,511</u>	<u>1,624,511</u>
<b>Issued and fully paid equity share capital:</b>		
100,000 ordinary voting core shares of £1 each in the Core	100,000	100,000
700,000 non-voting redeemable cell shares of £1 each in Cell 1	700,000	700,000
824,511 non-voting redeemable cell shares of £1 each in Cell 2	824,511	824,511
1 non-voting redeemable cell shares of £0.01 each in Cell 3	-	-
	<u>1,624,511</u>	<u>1,624,511</u>

Holders of ordinary voting core shares are entitled to dividends as declared from time to time and are entitled to one vote at general meetings of the Company.

## 1EDGE INSURANCE PCC LIMITED

### Notes to the financial statements (continued) for the year ended 31 December 2025

#### 12. Share capital (continued)

Holders of non-voting redeemable cell shares are not entitled to vote at general meetings of the Company except at separate class meetings. In the event of the winding up of the Company cellular insurance shareholders are entitled to receive the assets of the relevant cell, provided that if there are insufficient assets to repay the nominal paid up amount of insurance and management shares, no recourse shall be had to any non-cellular assets nor to the assets of any other cell.

On incorporation on 9 March 2022, 100,000 ordinary voting core shares were issued for a nominal value of £1 which were fully paid and 1,500,000 non-voting redeemable cell 1 shares were issued for a nominal value of £1 which were fully paid. On 19 November 2024 the Company made a capital distribution to the shareholder of £800,000 reducing the non-voting redeemable cell 1 shares. On 4 August 2024, 824,511 non-voting redeemable cell 2 shares for a nominal value of £1 were issued and fully paid. On 29 July 2025, 1 non-voting redeemable cell 3 share for a nominal value of £0.01 was issued.

During the year, the Company undertook both capital injections and capital returns in respect of certain cells. Capital injections represent additional subscribed share capital to support underwriting activity, while capital returns reflect distributions of surplus regulatory capital to shareholders. These transactions are presented gross within equity to reflect their legal form.

#### 13. Letter of credit facility

The Company has received an irrevocable standby letter of credit issued by ING Bank N.V., for £1,000,000 as part of reinsurance arrangements in the Company's favour.

#### 14. Term loan facility

During the year, Cell 3 entered into a term loan facility with Luminis Finance PLC to fund collateral supporting its collateralised aggregate excess of loss reinsurance treaties. An amount of £1,101,000 was advanced in December 2025 and deposited, after year end, into the Corporation of Lloyd's Members' Trust Account as Funds at Lloyd's. The funds are held as restricted collateral and may only be used to settle valid reinsurance claims or released in accordance with the treaty terms.

The loan bears interest at a floating rate plus margin and contractual fees. It is limited-recourse and repayable only from available transaction assets, with no obligation for Cell 3 to repay the loan from its general assets. The facility remains in force until the collateral is released or exhausted and may extend beyond the initial term if reinsurance claims remain unresolved.

#### 15. Ultimate Controlling party

The Company is a wholly owned subsidiary of Stubben Edge Group Limited a company incorporated in England and Wales. Stubben Edge Group Limited is the immediate and ultimate parent company and the ultimate controlling party. Copies of the group financial statements can be obtained from The Secretary, Stubben Edge Group Limited, 77 Cornhill, London EC3V 3QQ.

#### 16. Subsequent events

There have been no significant events between the year end and the date of approval of these financial statements which would require a change to or disclosure in the financial statements.