

RIGHT SHIELD INSURANCE LIMITED

Annual Report and Audited Financial Statements

For the year ended 31 August 2025

RIGHT SHIELD INSURANCE LIMITED

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RIGHT SHIELD INSURANCE LIMITED

CORPORATE INFORMATION

Directors: John Frederic Maxey
Russell Clark
David Michael Piesing

**Insurance Manager
and Secretary:** Alternative Risk Management Limited, trading as Howden
Level 5
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EJ

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

Registered Office: Level 5
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EJ

Company Registration Number: 71943

RIGHT SHIELD INSURANCE LIMITED

Report of the Directors

For the year ended 31 August 2025

The Directors present the annual report and audited financial statements of Right Shield Insurance Limited (the "Company") for the year ended 31 August 2025.

Registration

The Company was registered in Guernsey, Channel Islands on 9 June 2023 in accordance with the provisions of The Companies (Guernsey) Law, 2008 ("the Companies Law"). The Company began operations on 1 August 2023, the date from which the Company was licensed under section 7 of The Insurance Business (Bailiwick of Guernsey) Law 2002 ("the Insurance Law") to carry on general insurance business, excluding domestic business.

Directors

All the Directors, as noted on page 1, have served from incorporation to the date of this report.

Directors' responsibilities statement

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable laws and regulations. The Companies (Guernsey) Law, 2008 ("the Company Law") requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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; 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 confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Law and the Insurance Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company is the provision of a structure which facilitates the underwriting of general insurance business.

Disclosure of information to auditor

The Directors who hold office at the date of approval of this Report of the Directors confirm, in accordance with Section 249 of the Companies Law, that:

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

RIGHT SHIELD INSURANCE LIMITED

Report of the Directors (continued)

For the year ended 31 August 2025

Going concern

The Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements. The financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors believe that this basis is appropriate as the Company has net assets in excess of its regulatory solvency requirement and has available liquid resources to meet any short term obligations.

Results

The results for the year are shown in the statement of comprehensive income on pages 7 and 8.

Dividends

The Company paid dividends totaling £6,750,000 during the year (2024: £3,000,000). A dividend of £5,340,724 was approved by the Board on 25 September 2025 and paid on 26 September 2025.

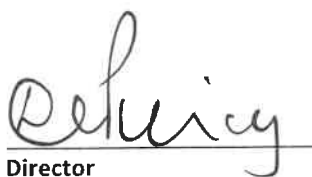
Company Secretary

Alternative Risk Management Limited served as the company secretary throughout the year and to the date of this report.

Independent auditor

Grant Thornton Limited have been appointed as auditors and have expressed their willingness to continue in office as auditor.

Approved the board of directors and were signed on its behalf by:



Director

Date: 17 December 2025

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF RIGHT SHIELD INSURANCE LIMITED

Opinion

We have audited the financial statements of Right Shield Insurance Limited (the 'Company') which comprise the Statement of Comprehensive Income – Technical Account, the Statement of Comprehensive Income – Non-Technical Account, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Changes in Cash Flows, 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 August 2025, and of its financial performance and its cash flows for the year then ended;
- are in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', (FRS 102) and Financial Reporting Standard 103 '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 and FRS 103 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RIGHT SHIELD INSURANCE LIMITED (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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RIGHT SHIELD INSURANCE LIMITED (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

Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey

Date: 18 December 2025

RIGHT SHIELD INSURANCE LIMITED

Statement of Comprehensive Income

Technical Account

For the year ended 31 August 2025

		31 August 2025	Period from 9 June 2023 to 31 August 2024
	Note	£	£
Earned Premiums			
Gross written premiums (less cancelled premiums)		15,181,315	63,836,904
Change in the gross provision for unearned premiums		(6,612,093)	(57,383,776)
Novation income	5	-	4,579,646
Earned premiums		8,569,222	11,032,774
Claims incurred			
Claims paid		(56,801)	(71,142)
Change in the provision for outstanding claims		11,192	(11,192)
Claims incurred		(45,609)	(82,334)
Surplus on technical account		8,523,613	10,950,440

The notes on pages 12 to 20 form an integral part of these audited financial statements.

RIGHT SHIELD INSURANCE LIMITED

Statement of Comprehensive Income

Non-Technical Account

For the year ended 31 August 2025

	31 August 2025	Period from 9 June 2023 to 31 August 2024
	£	£
Income		
Surplus on technical account	8,523,613	10,950,440
Bank interest on cash & cash equivalents	188,704	197,696
Bank interest on long term deposits	132,509	-
Total income	8,844,826	11,148,136
Expenses		
Management fees	855,004	634,378
Directors' fees	20,000	24,658
Regulatory fees	15,179	21,167
Audit fees	30,000	30,000
Sundry expenses	12,218	11,942
Total expenses	932,401	722,145
Total comprehensive income for the year/ period	7,912,425	10,425,991

There was no other comprehensive income and therefore the income for the financial year represents the total comprehensive income.

The notes on pages 12 to 20 form an integral part of these audited financial statements.

RIGHT SHIELD INSURANCE LIMITED

Statement of Financial Position

As at 31 August 2025

	Note	31 August 2025 £	31 August 2024 £
Non-current assets			
Debtors arising out of insurance operations		63,894,904	57,263,630
		63,894,904	57,263,630
Current assets			
Debtors arising out of insurance operations		506,046	984,390
Other debtors and prepayments	6	75,085	45,593
Fixed deposits		3,923,560	-
Cash and cash equivalents		5,866,293	7,244,240
		10,370,984	8,274,223
Total assets		74,265,888	65,537,853
Creditors: amounts falling due within one year			
Other creditors and accruals	7	381,603	416,894
		381,603	416,894
Technical provisions			
Provision for unearned premium		63,995,869	57,383,776
Outstanding claims provision		-	11,192
		63,995,869	57,394,968
Net assets		9,888,416	7,725,991
Capital and reserves			
Share capital	8	1,300,000	300,000
Retained earnings		8,588,416	7,425,991
Equity shareholder's funds		9,888,416	7,725,991

The financial statements on pages 7 to 20 were approved and authorised for issue by the Board of Directors on 17th December 2025 and are signed on its behalf by:

Director



The notes on pages 12 to 20 form an integral part of these audited financial statements.

RIGHT SHIELD INSURANCE LIMITED

Statement of Changes in Equity

For the year ended 31 August 2025

	Share Capital	Retained Earnings	Total
	£	£	£
At 9 June 2023			
Issue of shares	300,000	-	300,000
Total comprehensive income for the period	-	10,425,991	10,425,991
Dividend paid	-	(3,000,000)	(3,000,000)
Balance at 31 August 2024	300,000	7,425,991	7,725,991
Issue of shares	1,000,000	-	1,000,000
Total comprehensive income for the year	-	7,912,425	7,912,425
Dividends paid	-	(6,750,000)	(6,750,000)
Balance at 31 August 2025	1,300,000	8,588,416	9,888,416

The notes on pages 12 to 20 form an integral part of these audited financial statements.

RIGHT SHIELD INSURANCE LIMITED

Statement of Cash Flows

For the year ended 31 August 2025

		31 August 2025	Period from 9 June 2023 to 31 August 2024
	Note	£	£
Cash flows from operating activities			
Total comprehensive income for the year/period		7,912,425	10,425,991
Adjustments for net changes in non-cash operating activities:			
Movement in debtors arising out of insurance operations		(6,152,930)	(58,248,020)
Movement in other debtors and prepayments		(29,492)	(45,593)
Movement in other creditors and accruals		(35,291)	416,894
Movement in provision for unearned premium		6,612,093	57,383,776
Movement in outstanding claims provision		(11,192)	11,192
Interest received on long term deposits		(98,924)	-
Net cash generated from operating activities		8,196,689	9,944,240
Cash flows from investing activities			
Cash used in long term deposits		(8,343,560)	-
Cash receipts on maturity of long term deposits		4,420,000	-
Interest received on long term deposits		98,924	-
Net cash used in investing activities		(3,824,637)	-
Cash flows from financing activities			
Receipt of issued share capital	8	-	300,000
Dividends paid		(5,750,000)	(3,000,000)
Net cash used in financing activities		(5,750,000)	(2,700,000)
Cash and cash equivalents at the beginning of the year/period		7,244,240	-
Cash and cash equivalents at the end of the year/period		5,866,293	7,244,240

The notes on pages 12 to 20 form an integral part of these audited financial statements.

RIGHT SHIELD INSURANCE LIMITED

Notes to the Audited Financial Statements

For the year ended 31 August 2025

1 Incorporation

Right Shield Insurance Limited ("the Company") is a limited liability company, incorporated in Guernsey. Its registered office address is Level 5, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 1EJ.

2 Significant accounting policies

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

a. Basis of preparation

These financial statements have been prepared in accordance with United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and FRS 103 Insurance Contracts ("FRS 103"). The Company is also subject to the requirements of the Insurance Business (Bailiwick of Guernsey) Law, 2002 and The Companies (Guernsey) Law, 2008.

The preparation of financial statements in compliance with FRS 102 and FRS 103 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

b. Going concern

The Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements. The financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors believe that this basis is appropriate as the Company has net assets in excess of its regulatory solvency requirement and has available liquid resources to meet any short-term obligations.

c. Insurance contracts

The Company provides After The Event ("ATE") Legal Costs insurance cover for clients of ESL. The cover transfers a significant insurance risk; such cover may also transfer financial risk.

d. Gross written premiums

Gross written premiums are presented net of cancelled premiums during the year.

These are premiums on contracts entered into during the reporting period and any adjustments arising in the reporting period to premiums receivable in respect of contracts entered into in previous reporting periods. These premiums are recognised net of insurance premium tax.

Cancelled premiums are recorded and are removed from debtor premiums at the point the Company agrees to cancel an insurance contract. These premiums are recognised net of insurance premium tax.

e. Debtors arising out of insurance operations

Debtors arising out of insurance operations are premiums receivable on insurance contracts at the reporting date, and follow the same recognition and initial and subsequent measurement policies as for financial assets below. Premiums receivable only fall due for payment once the insured parties' receive payment for damages, and the timing of this is uncertain and often more than one year from the reporting date. Where a legal case concludes, premium debtors are derecognized once premium is settled. If the insurance contract is cancelled before the legal case concludes, then on that date any associated premium debtors on the insurance contract are derecognized, along with the equal provision for the unearned premium provision held against that contract.

RIGHT SHIELD INSURANCE LIMITED

Notes to the Audited Financial Statements (continued)

For the year ended 31 August 2025

2 Significant accounting policies (continued)

e. Debtors arising out of insurance operations (continued)

Where the insured parties' receive damages prior to the reporting date, any related unpaid premium and insurance premium tax is included as a debtors arising out of insurance operations within current assets.

f. Provision for unearned premium

Unearned premiums are those proportions of gross written premiums relating to periods of risk after the reporting date, which are deferred until the insurance contract is off risk, which is either when the insurance contract is cancelled or at the point the insured's underlying legal case is concluded and any claims payable by the Company become known. Due to the nature of After the Event Insurance contracts written these premiums may not become earned for a period of 36 months or more.

g. Outstanding claims provision

Provision is made at the period-end for the estimated cost of claims incurred but not settled at the reporting date. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

h. Claims paid

Claims paid are calculated in accordance with the terms of each insurance agreement and are recognised as an expense with associated claims settlement expenses when due for payment to the insured.

i. Expenses

Expenses are recognised on an accruals basis and are measured at their transaction price.

j. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits of three months or less.

k. Fixed deposits

Fixed deposits comprise bank deposits with original maturities of greater than three months.

l. Functional and presentation currency

Items included in the financial statements are measured using the currency of the economic environment in which the Company operates, Sterling. The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

m. Financial assets and liabilities

Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The financial assets and liabilities of the Company consist wholly of basic financial instruments.

Initial and subsequent measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), and subsequently carried at amortised cost.

RIGHT SHIELD INSURANCE LIMITED

Notes to the Audited Financial Statements (continued)

For the year ended 31 August 2025

2 Significant accounting policies (continued)

m. Financial assets and liabilities (continued)

Derecognition of financial assets and financial liabilities

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

Impairment of financial assets

At each reporting date financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected financial asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

n. Dividends

Dividends are recorded at the point they become irrevocable.

3 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and judgment

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of liabilities within the next financial year, are discussed below.

Going concern

The Directors have assessed the Company as a going concern as disclosed in note 2.

Valuation of liabilities of insurance contracts

Estimates are made for both the expected ultimate cost of claims reported, outstanding claims provisions and claims incurred but not reported (IBNR) at the statement of financial position date.

RIGHT SHIELD INSURANCE LIMITED

Notes to the Audited Financial Statements (continued)

For the year ended 31 August 2025

3 Critical accounting judgments and key sources of estimation uncertainty (continued)

Valuation of liabilities of insurance contracts (continued)

The Company records outstanding claim provisions for claims reported but not yet settled, although the interval between notification and settlement is usually very brief. No provision is included for incurred but not reported claims (IBNR), as the policy is on a claims made basis and there is no significant time lag between a case closing and a claim materialising. The carrying amount for insurance contract liabilities at the statement of financial position date is nil (2024: £11,192).

4 Taxation

The Company is liable to Guernsey income tax at the standard rate of 0%. The insurance policies were issued to UK resident individuals and Insurance premium tax was charged at 12% of gross premiums written.

5 Novation income

On 1 September 2023 the Company entered into a Novation Agreement with Express Solicitors Limited ("ESL") and ARM Insurance Limited, on behalf of the Right Shield segregated account ("ARMI Cell"). Under the terms of the Agreement the ARMI Cell novated its insurance arrangements to the Company. The Company assumed all liability to ESL's clients under the ARMI Cells previous insurance arrangements. In consideration for the Company's assumption of liabilities of the ARMI Cell, the Company was paid a novation income of £4,579,646 during the period from 9 June 2023 to 31 August 2024.

6 Other debtors and prepayments

	31 August 2025	31 August 2024
	£	£
Bank interest receivable	20,145	26,559
Interest receivable on long term deposits	33,585	-
Prepaid expenses	21,355	19,034
	75,085	45,593

7 Other creditors and accruals

	31 August 2025	31 August 2024
	£	£
Insurance premium tax payable	229,970	235,513
Accruals	151,633	181,381
	381,603	416,894

8 Share capital

	31 August 2025	31 August 2024
	£	£
Allotted and fully paid		
1,300,000 ordinary shares of £1 each	1,300,000	300,000

The rights attaching to the ordinary shares are as follows:

Dividends – shareholders of ordinary shares are entitled to dividends arising from profits or gains and no dividend shall exceed the amount recommended by the directors, subject to statutory solvency criteria.

Voting rights – shares carry one vote per share held at general meetings of the Company.

RIGHT SHIELD INSURANCE LIMITED

Notes to the Audited Financial Statements (continued)

For the year ended 31 August 2025

9 Capital management

The objective of the Company in managing its capital is to ensure that it will be able to continue as a going concern and comply with the regulatory capital requirements of the Guernsey Financial Services Commission. That is achieved through regular monitoring of liquidity to ensure that the Company has sufficient liquid assets to meet its regulatory requirements and to withstand the risks to which the business is subject.

The Company was in compliance with capital requirements imposed by the Guernsey Financial Services Commission throughout the year.

The capital requirement of the Company is determined by its exposure to risk and the solvency criteria established by management and statutory regulations. The table below sets out the statutory minimum and prescribed capital requirements and the Company's available capital.

	31 August 2025	31 August 2024
	£	£
Minimum Capital Requirement ("MCR")	3,532,572	7,110,871
Regulatory available capital resources	44,446,185	38,713,230
Solvency cover	1258%	544%
Prescribed capital requirement ("PCR")	12,927,313	11,928,418
Regulatory available capital resources	44,446,185	38,713,230
Solvency cover	344%	325%

The table below sets out the capital that is managed by the Company on a regulatory basis for its prescribed capital requirement:

	31 August 2025	31 August 2024
	£	£
Shareholder's equity	9,888,416	7,725,991
Regulatory adjustment - unearned premium	34,557,769	30,987,239
Capital resources on a regulatory basis	44,446,185	38,713,230

10 Financial risk management

The Company's activities expose it to a variety of financial instrument risks. The risk management policies employed by the Company to manage these risks are discussed below. The primary objectives of the financial instrument risk management function are to establish risk limits, and then to ensure that exposure to risks stays within these limits.

Credit risk

The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay amounts in full when due. The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets, principally being the Company's cash and cash equivalents, fixed deposits, and debtors arising out of insurance operations.

In accordance with the Company's investment policy no deposit shall be placed with a bank, unless it, or its parent bank, is rated A2 (short term) or better as defined by Standard and Poor's Global Ratings (S&P). In addition, no more than 25% of the Company's available cash shall be placed with any one bank.

RIGHT SHIELD INSURANCE LIMITED

Notes to the Audited Financial Statements (continued)

For the year ended 31 August 2025

10 Financial risk management (continued)

Credit risk (continued)

The table below shows the banks with which cash and cash equivalents and fixed deposits were held at the reporting date, along with their S&P credit ratings.

Bank	S&P Credit rating
Butterfield Bank (Guernsey) Limited	A2
HSBC Bank Plc	A1
Lloyds International (Guernsey)	A1
Santander International	A2
Barclays Bank (Jersey)	A1

Other than amounts held with Butterfield Bank (Guernsey) Limited, the other accounts are accessed via Flagstone International Limited, which is a Jersey Financial Services Commission regulated intermediary.

Premiums are collected and paid monthly by ESL who are responsible for the administration of each case, based on its merits, as they are the solicitors and introducers of the insurance business, and they administer the policies on behalf of their clients who are the insured. Since insurance premium is deducted from the settlement due to the insured once a case closes, the directors are confident about the recoverability of the premium debtors, which are due from a number of parties.

The following table shows aggregated credit risk exposure for material assets with a S&P short term credit rating at the reporting date.

	A2	A1	Not Rated	31 August 2025 Aggregate
	£	£	£	£
Debtors arising out of insurance operations	-	-	64,400,950	64,400,950
Fixed deposits	515,557	3,408,003	-	3,923,560
Cash and cash equivalents	3,505,046	2,361,247	-	5,866,293
	4,020,603	5,769,250	64,400,950	74,190,803

	A2	A1	Not Rated	31 August 2024 Aggregate
	£	£	£	£
Debtors arising out of insurance operations	-	-	58,248,020	58,248,020
Cash and cash equivalents	4,243,740	3,000,500	-	7,244,240
	4,243,740	3,000,500	58,248,020	65,492,260

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

RIGHT SHIELD INSURANCE LIMITED

Notes to the Audited Financial Statements (continued)

For the year ended 31 August 2025

10 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due. The Company has adopted an appropriate liquidity risk management framework for the management of the Company's liquidity requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities.

The Company is primarily exposed to liquidity risk arising from its insurance activities. Liquidity management ensures that the Company has sufficient access to funds necessary to cover insurance claims and maturing liabilities. All current liabilities will be settled within the next financial year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; currency risk, interest rate risk, and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the Company maintains all of its financial assets and liabilities in pound sterling, the Company is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates and would not have a significant effect on the results or financial position of the Company.

During the year ended 31 August 2025, if the bank interest rates had been 200 basis points higher/lower with all other variables held constant, the profit for the period would have increased/decreased by £195,797 (2024: £144,885) mainly as a result of the interest received on cash and cash equivalents and on fixed deposits.

The following are underlying assumptions made in the model used to calculate the effect on profits and other components of equity:

- The bank balances as at 31 August 2025 formed the basis of the calculation
- A 200 basis point charge on these principal balances reflects the absolute increase or decrease in the loss that could arise with such interest rate movement.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company does not hold any financial instruments which are exposed to other market factors. The directors are therefore of the opinion that the Company is not exposed to other price risks.

11 Insurance risk management

The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria.

RIGHT SHIELD INSURANCE LIMITED

Notes to the Audited Financial Statements (continued)

For the year ended 31 August 2025

11 Insurance risk management (continued)

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Company is exposed.

Concentration

The Company acts as an underwriter of After The Event ("ATE") Legal Costs exposures for clients of ESL. All risks are 100% insured by the Company.

Assumptions and sensitivities

Claims are infrequent, for this reason, there is no IBNR policy and claims are therefore recorded as paid or payable. However, it is inevitable that claims are notified in a subsequent reporting period. Claims are not subject to assumptions or sensitivities, being driven by the scope of permissible claim transactions under the respective policy document.

Claims development

Claims payments are typically resolved within one year.

12 Controlling parties

The immediate parent company is High Ocean Limited, a company registered in Guernsey. At the reporting date the ultimate controlling party was Mr John Maxey. Details of the change in ultimate controlling party after the reporting date are set out in Note 14.

13 Related party transactions

Mr Clark has received Director's remuneration for the year/period totalling £10,000 (2024: £12,329) and £3,315 (2024: £3,315) which is prepaid at the reporting date.

Mr Piesing has received Director's remuneration for the year/period totalling £10,000 (2024: £12,329) and £3,315 (2024: £3,315) which is prepaid at the reporting date.

Mr Maxey has waived his right to remuneration.

14 Events after the end of the reporting period

There were no events after the reporting date that require adjustment to the amounts recognised in these financial statements. The following non-adjusting events occurred after the reporting date.

Dividends

On 25 September 2025, the Board approved a dividend of £5,340,724, which was paid on 26 September 2025.

Revolving loan agreement

On 8 October 2025, the Company entered into a revolving loan agreement with Express Solicitors Limited for a facility of £4,800,000. At the date of signing these financial statements, £3,400,000 has been drawn. The loan bears interest at 4% per annum and is repayable one day prior to the first anniversary of the agreement.

Change of controller

On 31 October 2025, the shareholders of the Company's immediate parent, High Ocean Limited, transferred their shares, resulting in a change in the ultimate controlling party from Mr John Maxey to Mr Ralf Flore.

RIGHT SHIELD INSURANCE LIMITED

Notes to the Audited Financial Statements (continued)

For the year ended 31 August 2025

14 Events after the end of the reporting period (continued)

Group guarantee

On 6 November 2025, the Company acceded as an additional guarantor to a facility agreement dated 24 October 2025 between an intermediate parent and lender. The Company also acceded as an additional chargor under a debenture dated 24 October 2025 between the intermediate parent and security agent.

Under the accession deed and debenture, the Company's liability is limited to the amount by which its assets exceed its capital and solvency requirements required to be maintained under the Insurance Business (Solvency) Rules and Guidance 2021. No finance party may demand payment thereunder to the extent that such payment would the Company to breach the solvency requirements to which it is subject.

The likelihood of the guarantee being called is considered remote, therefore no provision has been recognised.