

Baltic PCC Limited

Company number PC000004

Annual Report and financial statements for the year ended March 1, 2025

(Expressed in Pound Sterling GBP)

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Baltic PCC Limited

Officers and Professional Advisors

Directors	I. Coulman E. Saul P.H. Whitaker
Company Secretary	CSC Corporate Services (London) Limited
Chief Executive Officer	E. Saul
Independent Auditor	Grant Thornton Limited, St James Place St James Street St Peter Port Guernsey GY1 2NZ
Registered Office	1 Bartholomew Lane London, United Kingdom EC2N 2AX
Company Registration Number	PC000004

Baltic PCC Limited

Strategic Report

The Directors present their Strategic Report for year to March 1, 2025.

Review of the business

Baltic PCC Limited (the “Company”) was incorporated as a protected cell company limited by shares, on January 9, 2019, under the Laws of England and Wales and was authorised under the Risk Transformation Regulations 2017 (the “Regulations”) as a protected cell company insurance special purpose vehicle. This permitted the Company to enter into one contract of risk transfer via a Retrocession Agreement (“the Agreement”) with Pool Reinsurance Company Limited (“Pool”) on a fully funded basis, meaning the Company was required to fully collateralise the outstanding aggregate limit of the Agreement. This is further described in Note 1 to the Financial Statements (the Company and its activities).

In January 2019, the Company successfully raised funds to provide the full required collateral referred to above through the issuance of £75,000,000 Principal-at-Risk Variable Notes due March 7, 2022 (“Notes”) listed on Bermuda stock exchange and concurrently executed the Agreement with Pool. In March 2022, the Company successfully raised a new issue of funds to provide the full required collateral referred to above through the issuance of £100,000,000 Principal-at-Risk Variable Notes due March 7, 2025. The Notes offered to, and subscribed for, were restricted to only qualified investors as defined in the Regulations. The Notes offered the subscribers a return based on the investment yield of the collateralising assets plus an interest spread linked proportionally to premiums payable by Pool to the Company that approximates market interest rates. Notes payable are classified as a financial liability and initially measured at fair value, which is deemed to be the principal value. The notes payable are carried on the balance sheet at fair value, with changes in fair value recognised in the statement of profit or loss in correspondence with the accrued interest payable that is presented separately from the principal amount in the statement of financial position as defined under the Agreement. Any losses payable and paid under the Agreement are paid from the collateral account which reduces down the principal on the Notes. For the avoidance of doubt, the Company’s sole shareholder, CSC Corporate Services (London) Limited (details of which are more fully described in Note 1 to these financial statements), did not subscribe for any of the Notes.

The Company is intended to break even over the life of the transactions described above. The Company receives premiums under the terms of the Agreement that, together with investment income earned on the collateral funds, exactly match the Company’s obligations to pay interest to the holders of the Notes.

The Company receives additional premiums (“Additional and Supplemental Expense Premiums”) under the Agreement, the amount of which is based on the estimated costs of structuring the Agreement and associated Notes issued along with the estimated operating costs of the Company over the life of the Agreement. The Company was able to meet operational expenses for the period, and forecasts, based on contractually determined future service provider fees, that it will continue to be able to do so over the life of the Notes and the Agreement.

Results

The Company realized a net profit of £nil for the current period (2024: £nil). The issued Notes effectively transferred risk, complied with UK GAAP and relevant legal requirements, and supported operational efficiency for the Company.

Baltic PCC Limited

Strategic Report (continued)

Going Concern

At the balance sheet date March 1, 2025, there were no losses paid or payable under the Agreement and the Company has received no indication of any events occurring in the subsequent period that may give rise to a loss under the Agreement.

The Company and its Directors plan to extend its operations beyond the current Notes and enter into a new Pool cat bond deal to cover the initial three-year period. On March 26, 2025 the Company created a new Cell (Cell 3) and issued £100,000,000 Principal-at-Risk Variable Notes due April 6, 2028. It is therefore expected that the Company will continue to operate for the foreseeable future.

As at the date the financial statements were approved, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, based predominately on the Directors' belief that the Additional and Supplemental Expense Premiums will continue to be paid to the Company as they fall due during, and beyond, expiry of the term included in the transaction documents, as more fully described above in the Key Performance Indicators section.

Principal risks and uncertainties

Major risks are managed through Board implementation and monitoring of policies and procedures as summarised below:

- **Risk management policy**
This outlines the Company's approach to identifying, assessing, and mitigating risks. It includes objectives, risk identification and assessment processes, strategies for risk mitigation, monitoring and reporting procedures, roles and responsibilities, communication and training plans, and a review and improvement process. This policy helps to proactively manage risks, protect assets and reputation, and ensure compliance with regulations.
- **Investment policy**
This outlines the Company's approach to managing its investments. It provides guidelines and procedures for making investment decisions, setting investment objectives, and managing investment risks. The policy typically includes information on the company's risk tolerance, asset allocation strategy, investment selection criteria, and performance monitoring processes. It helps the Company make informed investment decisions, maximize returns, and align investments with its overall financial goals and objectives.
- **Conflicts of interest policy**
This policy outlines the Company's approach to identifying, managing, and mitigating conflicts of interest. It defines what constitutes a conflict of interest, establishes disclosure requirements, outlines evaluation and assessment processes, provides strategies for mitigation, specifies consequences for non-compliance, emphasizes training and education, and highlights the importance of regular review and updates. The policy promotes transparency, integrity, and ethical behavior within the Company to prevent personal interests from compromising decision-making and the Company's overall well-being.

Principal risks and uncertainties (continued)

- **Administrative, accounting and internal control policy**
An administrative, accounting, and internal control policy outlines the Company's approach to managing administrative processes, accounting practices, and internal controls. It covers areas such as document management, record keeping, procurement, financial reporting, internal controls, compliance, monitoring, training, and review. The policy ensures efficient operations, accurate financial reporting, safeguarding of assets, and compliance with laws and regulations. It promotes transparency, accountability, and effective risk management within the Company.
- **Supervisory reporting policy**
This outlines the Company's approach to reporting information to regulatory authorities or supervisors. It covers reporting requirements, data collection and analysis, reporting procedures, internal controls, compliance and governance, training and education, and review and improvement processes. The policy ensures compliance with regulatory requirements, accuracy in reporting, and transparency in the reporting process. It helps the Company maintain good relationships with regulatory authorities and effectively manage their reporting obligations.
- **Compliance policy**
This policy outlines the Company's approach to ensuring compliance with laws, regulations, and internal policies. It covers compliance objectives, the compliance framework, risk assessment, compliance measures, monitoring and reporting, consequences of non-compliance, training and education, and review and improvement processes. This helps the Company to proactively identify and manage compliance risks, ensure legal and regulatory compliance, and promote a culture of ethics and integrity. It protects the Company's reputation and stakeholders' interests.
- **Outsourcing policy**
An outsourcing policy outlines the Company's approach to outsourcing certain functions or processes to external service providers. It covers objectives, selection criteria, contractual agreements, risk assessment, performance monitoring, security and data protection, termination and transition procedures, and review and improvement processes. The policy helps the Company effectively manage outsourcing arrangements, mitigate risks, and ensure alignment with objectives and requirements. It promotes transparency, accountability, and successful outsourcing partnerships.
- **Business continuity policy**
This outlines the Company's approach to ensuring the continuity of its operations during disruptions or emergencies. It covers risk assessment, business impact analysis, business continuity strategies, emergency response and crisis management, plan development and implementation, training and education, and review and improvement processes. The policy helps the Company proactively identify and mitigate risks, maintain operations during crises, and recover quickly. It promotes resilience, preparedness, and the ability to effectively navigate and overcome disruptions.
- **Financial crime policy**
A financial crime policy outlines the Company's approach to preventing and detecting financial crimes, such as money laundering, fraud, bribery, and corruption. It covers risk assessment, preventive measures, detection and reporting procedures, investigation and response processes, training and education, and review and improvement mechanisms. The policy helps the Company proactively identify and mitigate financial crime risks, ensure compliance with regulations, and protect their reputation and stakeholders' interests. It promotes transparency, integrity, and ethical behavior within the Company.

Baltic PCC Limited

Strategic Report (continued)

Principal risks and uncertainties (continued)

The main principal risks to the Company are as follows:

- An inability to meet its reinsurance obligations as they fall due. This risk is mitigated by the collateralisation process described in the Review of the business section above.
- An inability to make interest payments on the Notes. In this regard the obligation to pay the interest is contingent on receipt of the premiums due from Pool. Another risk in relation to Noteholders is that the Company is unable to repay the principal on the Notes. However, the obligations of the Company to repay the principal amounts of the Notes is subordinated to the Company's obligations to Pool under the Agreement. Further, Limited Recourse and No-Petition clauses in the transaction documents serve to protect the Company from further obligations that may arise from basis risk in relation to the structuring of the transaction documents that link funding its obligations under the Agreement to the issue of the Notes.
- The Company is thinly capitalised. The issued ordinary share capital of the Company is 1 ordinary shares of £1 each fully paid and the issued share capital will not increase materially. The income expected to be received by the Company from the investment of the Permitted Investments, the payment of Periodic Payments, Negative Loss Payments, if any, the Initial Expense Premium and any Supplemental Expense Premiums is expected to be sufficient to make payment of the projected expenses and liabilities of the Company.

Refer to Note 10 for additional information on Financial Risk Management.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of Baltic PCC Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. This report sets out how we have applied and complied with, the referenced section.

Purpose and consideration of the consequences of decisions for the long term

The Company is a limited purpose and limited life vehicle, which issues individual reinsurance contracts in each cell which have an in-force life of exactly 3 years.

Employee interests

The Company has no employees and outsources its various operational functions to qualified service providers, where scope of work is covered under service provider agreements.

Relationships with customers and suppliers

The Company has a single customer (policy holder) under its single reinsurance contract. Financial interests of the customer are managed by third party service providers under agreements that span the life of the Company, and financial obligations to the customer are fully collateralised. Similarly, service provider agreements are in place with significant suppliers, and the Company's ability to call supplementary premiums mean that the Company believes it can fulfil settlement obligations throughout the vehicle's life.

Baltic PCC Limited

Strategic Report (continued)

Reputation and business conduct

The Company has in place a policy manual covering what it believes are policies in place for all key risks and processes. This policy manual has been reviewed by the Company's regulators FCA and PRA prior to authorisation as a transformer vehicle pursuant to the Regulations. The Company believes it has appropriately qualified service providers to fulfil its ongoing obligations under the Regulations.

The Company believes it has minimal environmental impact, especially as it has no dedicated physical premises.

Acting fairly as between members of the Company

The Company has a single shareholder which has contributed minimal capital. The Company's obligations to its customer under the Agreement are funded solely by the Company's Noteholders via a securitisation process. All Noteholders are required to be qualified investors to purchase the Notes. An offering circular was prepared on behalf of the Company laying out key investment risks prior to the purchase obligation. The Company (via 3rd party service provider) is required to provide periodic net asset value estimates to the Noteholders.

Approved by the Board of Directors on December 15, 2025 and signed on its behalf by:



Ed Saul, CEO/Director

1 Bartholomew Lane
London, United Kingdom
EC2N 2AX

Baltic PCC Limited

Directors' Report

The Directors present their Report together with the audited Financial Statements of the Company for the year to March 1, 2025.

Principal activities and future developments

The Company is authorised to conduct insurance business only in relation to the Agreement currently in force. The Directors envision that the existing governance and administration structure of the Company will continue through the proposed new reinsurance deal following the financial year end.

Financial instruments

The Company's exposure to Financial Instruments in respect of currency risk, interest rate risk, credit risk, liquidity risk, market risk, price risk and price sensitivity, and capital risk management is described in the Risk Management section of the notes (Note 10) to the Financial Statements.

Directors

The Directors are as listed on page 1 of these Financial Statements.

Results and Dividends

The Company realized a net profit of £nil for the current period (2024: £nil). The Company has not paid any dividends for the current period (2024: £nil), nor does it ever expect to do so.

Directors' responsibilities statement

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS103 "Insurance Contracts" and applicable law). Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 and FRS 103, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies

Baltic PCC Limited

Directors' Report (continued)

Directors' responsibilities statement (continued)

Act 2006. The Directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and Officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defense of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

Auditor

1. Grant Thornton Limited has expressed its willingness to continue in office as auditor.
2. Disclosure of information to the Auditor:

In the case of each of the persons who are Directors at the time this report is approved, and as required by s418 of the Companies Act 2006, the following applies:

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

Approval by the Board of Directors on December 15, 2025 and signed on its behalf by:



Ed Saul, CEO/Director
1 Bartholomew Lane
London, United Kingdom
EC2N 2AX

Baltic PCC Limited

Independent auditor's report to the members of Baltic PCC Limited

Opinion

We have audited the financial statements of Baltic PCC Limited (the 'Company') for the year ended 1 March 2025, which comprise Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) and Financial Reporting Standard 103, "Insurance Contracts" (FRS 103) (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 March 2025 and of its financial performance for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Baltic PCC Limited

Independent auditor's report to the members of Baltic PCC Limited (continued)

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

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 Act 2006 requires us to report to you if, in our opinion:

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

Baltic PCC Limited

Independent auditor's report to the members of Baltic PCC Limited (continued)

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company in which it operates. We determined that the following laws and regulations were most significant, the Companies Act 2006, the Risk Transformation Regulations 2017, the UK's Prudential Regulatory Authority ("PRA") and Financial Conduct Authority ("FCA"), FRS102 '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'
- We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by, making inquiries to management, and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes and papers provided. We assessed the susceptibility of the Company's financial statement to material misstatement, including how fraud might occur by evaluating management's incentives and

Baltic PCC Limited

Independent auditor's report to the members of Baltic PCC Limited (continued)

- opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team included:
 - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - identifying and testing journal entries that exhibit certain risk characteristics determined by the engagement team and corroborating to supporting documents to understanding management's rationale and economic substance.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement teams:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of industry in which the client operates; and
 - understanding of the legal and regulatory requirements applicable to the Company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit; and
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Company's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the applicable statutory provisions.
 - the Company's control environment.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Carpenter

Senior Statutory Auditor

for and on behalf of Grant Thornton Limited

Statutory Auditor, Chartered Accountants

St Peter Port, Guernsey

Date: 15 December 2025

Baltic PCC Limited
Statement of Profit or Loss
For the year ended March 1, 2025

	Note	2025 £	2024 £
Underwriting income			
Gross premiums written		209,798	122,633
Movement in unearned premiums		5,637,701	5,599,975
Earned premiums		5,847,499	5,722,608
Other income			
Investment income		4,842,017	4,695,459
		4,842,017	4,695,459
Other expenses			
Interest expense		10,518,145	10,235,250
General & administrative expenses	7	171,371	182,817
		10,689,516	10,418,067
Total profit for the year		-	-

All the above amounts are in respect of continuing operations.

The Company had no income or expense during the current financial period other than that included in the statement of profit or loss. Accordingly, no separate statement of comprehensive income has been presented.


The accompanying notes are an integral part of these financial statements.

Baltic PCC Limited
Statement of Financial Position
For the year ended March 1, 2025

		2025	2024
	Note	£	£
Non-Current Assets			
Reinsurance premiums	5	-	1,301,681
Total Non-Current Assets		-	1,301,681
Current Assets			
Reinsurance premiums	5	1,342,000	5,657,750
Investments – restricted	4	101,064,708	101,195,757
Cash at bank		73,658	26,394
Prepayments and other receivables		1	1
Total Current Assets		102,480,367	106,879,902
Total Assets		102,480,367	108,181,583
Current Liabilities			
Accrued interest payable on notes		1,961,629	2,031,095
Accounts payable and accrued expenses		107,113	101,162
Total Current Liabilities		2,068,742	2,132,257
Non-Current Liabilities			
Notes payable due after more than one year	6	100,000,000	100,000,000
Provision for unearned premiums		22,046	5,659,747
Total Non-Current Liabilities		100,022,046	105,659,747
Net Assets		389,579	389,579
Capital & reserves			
Called up share capital	8	1	1
Retained earnings		389,578	389,578
Profit for the year	8	-	-
		389,579	389,579
Total Equity		389,579	389,579

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors and authorised for issue on December 15, 2025.



Director
Ed Saul

Baltic PCC Limited
Statement of Changes in Equity
For the year ended March 1, 2025

		Retained Earnings	Called up share capital	Total Equity
	Note	£	£	£
Balance as of March 1, 2022	8	20,556	1	20,557
Loss for the year		369,022	-	369,022
Balance as of March 1, 2023		389,578	1	389,579
Profit for the year		-	-	-
Balance as of 1 March, 2024		389,578	1	389,579
Profit for the year		-	-	-
Balance as of 1 March, 2025		389,578	1	389,579

The accompanying notes are an integral part of these financial statements.

Baltic PCC Limited
Statement of Cash Flows
For the year ended March 1, 2025

		2025	2024
	Note	£	£
Net cash from operating activities			
Net profit for the period		-	-
Adjustments to reconcile net profit to net cash generated by operating activities:			
Decrease in Reinsurance premiums	5	5,617,431	4,208,624
Decrease in Prepaid expenses		-	24,545
(Decrease) / Increase in Interest payable		(69,466)	252,070
Decrease in Provision for unearned premiums		(5,637,700)	(5,599,974)
Increase /(Decrease) in Accounts payable & accrued expenses		5,950	(3,135)
Net cash used in operating activities		(83,785)	(1,051,638)
Decrease in cash and equivalents		(83,785)	(1,051,638)
Cash and cash equivalents - beginning of period		101,222,151	102,273,789
Cash and cash equivalents - end of period		101,138,366	101,222,151
Represented by:			
Cash at bank		73,658	26,394
Investments – restricted	4	101,064,708	101,195,757
Total cash and cash equivalents		101,138,366	101,222,151

1. The Company and its activities

Baltic PCC Limited (the “Company”) was incorporated as a protected cell company (registered number PC000004) limited by shares, on January 9, 2019, in the United Kingdom and registered in England. The address of its registered office is 1 Bartholomew Lane, London EC2N 2AX.

The issued share capital of the Company is held by, CSC Corporate Services (London) Limited (“Holdings”) on a discretionary trust basis under a share trust deed for the benefit of certain charities. Holdings is a company incorporated as a private company limited by shares, in the United Kingdom and registered in England and its registered office is 1 Bartholomew Lane, London EC2N 2AX. The Company was authorised by the Prudential Regulation Authority, effective January 9, 2019, to carry out the activities described below.

The Company was formed and authorised to enter into a fully collateralised Aggregate Excess of Loss Retrocession Agreement (“the Agreement”) with Pool Reinsurance Company Limited (“Pool”). Under the terms of the Agreement, the Company will pay Pool in the event that losses arising from Act of Terrorisms in England, Wales & Scotland for a period from March 8, 2022, to March 7, 2025. The aggregate limit available under the Agreement is reduced by the amount of any losses paid by the Company.

The Company raised funds to provide the required collateral through the issuance of £100,000,000 Baltic Capital PCC Series 2022-1 Principal-at-Risk Variable Rate Notes due March 7, 2025 (“the Notes”). The obligation of the Company to repay the principal amount of the Notes is be subordinated to the Company's obligations to Pool under the Agreement and are limited recourse. The terms of the Notes are more fully described in Note 6 below.

The Company is required under the terms of the Agreement to fully collateralise the outstanding aggregate limit of the Agreement. Accordingly, the Company has established a trust fund for the benefit of Pool. Funding for the trust fund was raised through the issue of Notes, as more fully described below. Reinsurance premiums received, and interest earned on financial investments, are used to fund the Company’s obligation to pay interest to the holders of the Notes.

The Company receives reinsurance premiums from Pool that, under the terms of the Agreement, are calculated by applying an interest spread (as it is applied to calculate the interest due to on the related Notes) (the “Interest Spread”) to the outstanding aggregate limit of the Agreement. The reinsurance premium for the first LP is fixed for the first year of the Agreement, based on the initial aggregate limit. For the subsequent LP’s, each quarter’s reinsurance premium is calculated based on the aggregate limit outstanding at the beginning of that quarter. Reinsurance premiums are payable quarterly in arrears.

The Company also receives additional premiums (“Initial and Supplemental Expense Premiums”) under the Agreement, the amount of which is based on the estimated costs of structuring the Agreement and associated Notes issued along with estimated operating costs of the Company over the life of the Agreement.

Under the Agreement, the maximum aggregate limit of £100,000,000 is set for the three-year period for payment of triggered losses. The coverage period is divided into annual loss periods (“LP” s), the first LP commencing on inception, with the second LP commencing on the first anniversary of inception, the third LP commencing on the second anniversary of inception. The reset process is designed to ensure that the probability of attachment and the probability of exhaustion remains constant throughout the coverage period, after taking into account changes in exposure data.

1. The Company and its activities (continued)

The Company is intended to break even over the life of the transactions. The Company receives premiums under the terms of the agreements that, together with investment income earned on the collateral funds, exactly match the Company's obligations to pay interest to the holders of the notes. In addition, the Company's restricted investments are pledged as security for repayment of the notes. In the absence of any claims, the principal will be returned to the noteholders upon expiry of the transactions. Therefore, the fair value of the notes (principal and accrued interest payable) is generally consistent with the value of the restricted investments.

2. Statement of Compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), Financial Reporting Standard 103, 'Insurance Contracts' ('FRS 103') and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

a. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. No significant judgements or key sources of estimation uncertainty have been applied in the preparation of the financial statements.

b. Going concern

At the balance sheet date March 1, 2025, there were no losses paid or payable under the Agreement and the Company has received no indication of any events occurring in the subsequent period that may give rise to a loss under the Agreement

The Company and its directors plan to extend its operations beyond the current Notes and enter into a new Pool cat bond deal to cover the initial three year period. On March 26, 2025 the Company created a new Cell (Cell 3) and issued £100,000,000 Principal-at-Risk Variable Notes due April 6, 2028. It is therefore expected that the Company will continue to operate for the foreseeable future.

As at the date the financial statements were approved, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, based predominately on the Directors' belief that the Additional and Supplemental Expense Premiums will continue to be paid to the Company as they fall due during, and beyond, expiry of the term included in the transaction documents, as more fully described above in the Key Performance Indicators section.

3. Summary of significant accounting policies (continued)

c. Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is Pound Sterling "GBP", reflecting the denomination of the Company's assets and liabilities and the currency in which premiums and investment income are received, interest payments made and in which a substantial proportion of the Company's expenses are incurred. Expenses incurred in currencies other than GBP are translated into GBP at the exchange rate prevailing on settlement. The financial statements are also presented in GBP which is, therefore, the Company's functional and presentation currency.

d. Reinsurance contracts

The Company issues contracts that transfer significant reinsurance risk at the inception of the contract.

e. Cash at bank

Cash comprises current deposits with banks. Carrying amounts approximate fair value due to the immediate or short-term maturity of these financial instruments

f. Investments – restricted

Investments- Restricted are short-term highly liquid investments in money market funds that are readily convertible to known amounts of cash. Carrying amounts approximate fair value due to the immediate or short-term maturity of these financial instruments.

g. Investment income

Investment income is comprised of interest income on investments - restricted. Investment income is recognized using the effective interest rate method. Interest is accrued on a daily basis.

h. Interest expense

Interest expense relates to interest payable under the terms of the Notes and is recognized on an accruals basis in line with the contractual terms. Interest is accrued using the effective interest rate method.

i. Premiums assumed and unearned premiums

Premiums due under the Agreement are estimated and recorded as written at inception and are recognized as income on a straight-line basis over the risk period.

Initial and Supplemental Expense Premiums, being for funding of the expense account, are recognized as income in recognition of the underlying administrative expenses to which they relate.

Any portion of the premiums relating to periods after the balance sheet date is deferred and included in unearned premiums in the balance sheet.

j. Outstanding losses and loss expense

In accordance with the terms of the Agreement, the Company shall not be liable for any loss payments unless and until the Company has received a proof of loss claim from Pool. As of March 1, 2025, the Company had not received a proof of loss claim from Pool and as such, no losses have been recorded.

3. Summary of significant accounting policies (continued)

j. Outstanding losses and loss expense (continued)

Outstanding losses are based on estimated ultimate cost of claims incurred but not settled at year end, whether reported or not. Delays are experienced in the notification of certain insurance claims, the ultimate cost of which cannot be known with certainty at the year end date. Any estimate represents a determination within a range of possible outcomes. Claims provisions are not discounted.

k. Notes payable

Notes payable are classified as a financial liability and are initially measured at fair value, which is deemed to be the principal value until such time as the company receives a notice of loss payment. The notes payable are carried on the balance sheet at fair value, with changes in fair value recognised in the statement of profit or loss. Over the life of the 2022 incepted transaction there has not been a claim and it is expected that the investment principal will be returned to the note holders upon expiry.

On receipt of a notice of loss payment in accordance with the terms of the Agreement, specifying the related principal amount, the outstanding principal amount of the Notes will be reduced, and sufficient funds will be released from the trust account to facilitate the required payment to Pool. The liability for Notes payable on the balance sheet will not be extinguished until the original principal amount is reduced to zero as a result of one or more loss payments to Pool or the Notes are redeemed.

4. Investments

The Company is required to provide collateral in respect of its outstanding aggregate limit provided to Pool under the Agreement. Those funds, primarily invested in money market funds, rated AAA, specified in Schedule 9 of the Trust Agreement, are held in a trust for the benefit of Pool; and are therefore restricted from use by the Company. These same funds are also pledged as collateral for the investors of the Notes ("Noteholders") as security for repayment of the Notes. The Noteholders' security is subordinate to that of Pool, the beneficiary of the trust.

Under the terms of the Notes, reinsurance premium and investment income earned on collateral funds, is required to be deposited or transferred into designated accounts, which are separate from the operating expense account, for the purpose of funding quarterly interest payable on the Notes. Any balances on the separate designated accounts are treated as restricted.

As of March 1, 2025, restricted Investments held in the reinsurance trust account amounted to £101,064,708 (2024: £101,195,757). To conform with FRS 102, the Restricted Cash presented in the 2025 Statement of Financial Position and Statement of Cash Flow has been re-classified to 'Investments - Restricted'.

5. Reinsurance premiums

Reinsurance premiums are estimated and accrued at inception of the insurance contracts. The balance held in receivables is the estimated reinsurance premiums less quarterly installments received as of the balance sheet date. The reinsurance premiums relate entirely to the Agreement, and therefore the due date is the same as the maturity of the Agreement.

As of March 1, 2025, there has been no default on the payment of premium (2024: No default)

6. Notes payable

The Company has issued certain notes in order to raise funds to provide collateral required under the Agreement (the “Notes”). The Notes are Principal At-Risk Variable Rate Notes and constitute direct and unconditional obligations of the Company. Those obligations are secured by a charge over certain funds which have also been contributed to the reinsurance trust established in favour of Pool to collateralize obligations under the Agreement. The security of the Noteholders is subordinate to that of Pool for the payment of losses under the Agreement.

Accordingly, the final amount repayable in respect of the Notes (the adjusted principal balance outstanding) is largely dependent upon whether, and the extent to which, losses are payable by the Company under the Agreement. The Notes payable have a maturity date of March 7, 2025. The accrued interest payable on notes is due less than 1 year.

The adjusted principal balance outstanding for the Notes, is calculated as the original Notes issue amount, less losses paid under the Agreement. No losses have been reported as of March 1, 2025.

Interest on the Notes is payable quarterly in arrears. The quarterly interest amount payable is calculated as the adjusted principal balance outstanding at the start of the respective quarter multiplied by an interest spread multiplied by actual days in the accrual period divided by a 360 day year, plus actual interest income received in the quarter by the Company on the respective collateral assets.

The interest spread is subject to an annual reset at the beginning of the second risk period and each subsequent loss period if the Cedent Reinsurer elects to. The first reset was due and effective March 1, 2023. The interest risk spread was adjusted from the initial spread of 5.50% to 5.513%. The second reset during the fiscal year was due and made effective March 1, 2024. The interest spread was adjusted from 5.513% to 5.490%.

The following table summarizes key terms of Notes issued as of March 1, 2025 by Baltic PCC Limited acting on behalf of and in respect of its Segregated Cell 2:

Note Series	Initial principal amount	Principal amount at March 1, 2025	Issue date	Maturity date	Interest spread
2022-1	£ 100,000,000	£ 100,000,000	Mar 8, 2022	Mar 7, 2025	5.490%

The Notes may be subject to early termination in the event that Pool exercises an option to terminate the underlying retrocession agreement.

7. General & administrative expenses

During the period, the Company received £209,798 (2024: £122,633) of Supplemental Premium from Pool to fund the operating costs of the Company and is included as a component of gross premiums written. Audit fees for the period were £32,120 (2024: £36,360).

No staff or directors are employed by the Company. Please see Note 11 for details of fees paid for operational functions, including the provision of directors’ services.

8. Share capital and reserves

The Company has issued 1 fully paid £1 share to CSC Corporate Services (London) Limited. The share has attached to it full voting, dividend and capital distribution (including winding up) rights. The share does not confer any rights of redemption. The share is held by CSC Corporate Services (London) Limited on a discretionary trust basis under a share trust deed for the benefit of certain charities. The profit and loss account reserve within equity consists entirely of retained earnings.

9. Fair value of financial assets and liabilities

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year-end date. The quoted market price used for financial assets held by the general or segregated accounts is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. Management uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the segregated accounts hold.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - inputs for the asset or liability that are not based on observable market data, including the Company's own assumptions in determining the fair value of investments.

The cash at bank and in hand is recorded in line with Level 1 due to the underlying funds being Money Market Funds which are openly tradable on a day-to-day basis with quoted prices at any given time.

The Company classifies its fair value estimates of its Notes issued under Level 3 as there is no active market for identical obligations, there is no observable data for this obligation on the market with the same conditions regarding maturity, liquidity, coupon, or impairment characteristics.

Management believes that own credit risk relating to the Notes issued is minimal given the trust structure and trust agreement in place, plus each of the Notes are fully collateralised by liquid assets. The risk is managed by ongoing monitoring of the collateral account balance and premiums due under the Agreement, the proceeds of which are used to pay the interest on the Notes.

The following table presents the Company's financial assets and liabilities measured at fair value at March 1, 2025 and March 1, 2024:

Baltic PCC Limited
Notes to the Financial Statements
For the year ended March 1, 2025

9. Fair value of financial assets and liabilities (continued)

As of March 1, 2025

	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
	£	£	£	£
Assets				
Cash at bank and in hand	73,658	-	-	73,658
Investments - restricted	101,064,708	-	-	101,064,708
Total cash at bank and in hand and investments restricted	101,138,366	-	-	101,138,366
Liabilities				
Notes issued	-	-	100,000,000	100,000,000
Accrued interest payable on notes	-	-	(1,961,629)	(1,961,629)

As of March 1, 2024

	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
	£	£	£	£
Assets				
Cash at bank and in hand	26,394	-	-	26,394
Investments - restricted	101,195,757	-	-	101,195,757
Total cash at bank and in hand and investments restricted	101,222,151	-	-	101,222,151
Liabilities				
Notes issued	-	-	100,000,000	100,000,000
Accrued interest payable on notes	-	-	2,031,095	2,031,095

10. Financial risk management

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Some operating expenses incurred by the Company are denominated in foreign currencies resulting in an exposure to potential fluctuations in foreign currency. Management assesses that there is no risk of significant losses occurring due to currency risk.

(b) Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuation in the prevailing interest rates on the Company's financial position cash flows. Management assesses this risk, including and relation to the variability of interest rates, and conclude that there is no risk of significant losses occurring due to interest rate fluctuations, due to interest received being paid directly onwards to Noteholders and therefore leaving a net-nil impact on financial performance.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk primarily from cash at bank and in hand - restricted and reinsurance premiums receivable. The cash and cash equivalents - restricted comprise money market funds that management believes are strongly rated with credit agencies, as more fully described in Note 4. The reinsurance premiums receivable are due from a highly rated cedent. Further, should the cedent fail to pay the premium to the Company when due, the reinsurance coverage will cease. The below table includes counterparties where credit risk could arise and comments on the creditworthiness of them:

Counterparty type	Comments	Credit Rating
Money Market Funds (Cash at bank and in hand – restricted)	Held in custody with BNY Mellon	AAA
Bank Accounts (Cash at bank and in hand)	BNY Mellon	AA

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Management ensures that sufficient funds (including cash) are available to meet any commitments as they arise.

(e) Market risk

Market risk may occur in circumstances where the Company, in the normal course of its investing and trading activities, may enter into transactions in financial instruments based on expectations of future market movements and conditions, or hold cash exposed to market risk. Inflation may also pose a risk to the Company. Management does not believe that there is significant market risk, all income and outgoing expenses net off to zero and therefore any positive or negative impact from market risk will have the same effect.

(f) Price risk and price sensitivity

Price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual

10. Financial risk management (continued)

(f) Price risk and price sensitivity (continued)

financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Management does not believe that there is a significant price risk arising from its investments as the Company is holding the investments to maturity.

(g) Capital risk management

The Company's objective when managing its capital is to maintain an appropriate amount to support its operations. The Company also monitors its capital in the context of its working capital relative to its ongoing liquidity requirements to safeguard the entity's ability to continue as a going concern, to honour any insurance obligations when they arise, and to provide returns for the Noteholders. The PRA (UK Regulator) requires that there is enough capital in place to meet its liabilities, with the reinsurance risk being funded to limit.

Management does not believe that there is significant capital risk as it is fully funded to meet its future operational expenses and its obligations under the Agreement and in line with regulatory requirements.

h) Concentrations of credit risk

Cash at bank and in hand and investments are held with high rated banks.

The Company's general operational bank account is held by the Bank of New York Mellon ("BNY Mellon"), with a credit rating of Aa2 (Moody's).

The Company's Investments - Restricted are also held with BNY Mellon. The trustee and custodian of the investments is BNY Mellon Corporate Trustee Services Limited.

All of the proceeds of the issuance of the Notes are invested in a Money Market Fund, rated AAA (Fitch); BLACKROCK ICS GBP GOV CORE IGGDTXXX.

11. Related party transactions

A director (the "Artex Director") of the Company is an employee of Artex ILS UK Limited ("Artex"). Artex is the Insurance Manager of the Company. During the period, the Company paid Artex £19,200 (2024: £19,200) for administrative services provided, including the provision of the Artex Director.

A director (the "CSC Director") of the Company has been nominated by CSC Management Services (UK) Limited. ("CML"). CSC Corporate Services (London) Limited, an affiliate of CML, is the corporate secretary of the Company and Share Trustee. During the period, the Company paid CML £7,021 (2024: £12,413) for secretarial and trustee services provided, including the provision of the CSC Director.

A director (the "Pool Director") of the Company is an employee of Pool, the cedant under the Agreement and the sole source of insurance business for the Company. No remuneration was paid to the Pool Director or Pool for his services.

12. Taxation

The Company benefits from the special tax treatment set out in Regulation 4 of the Risk Transformation (Tax) Regulations 2017 (the "Tax Regulations"). The Tax Regulations set out a special tax regime for qualifying transformer vehicles.

The insurance risk transformation activity of qualifying transformer vehicles are not subject to corporation tax, as determined through the Risk Transformation (Tax) Regulations 2017. The regulations outline that a transformer vehicle will be a qualifying transformer vehicle if it is a company limited by shares that (i) carries out the activity of insurance risk transformation where substantially all of that activity relates to business other than basic life assurance and general annuity business and (ii) is authorised under Part 4A of the Financial Services and Markets Act 2000 to carry out insurance risk transformation. Management acknowledges compliance with requirements and that the Company constitutes a qualifying transformer vehicle for these purposes, removing liability to corporation tax.

Accordingly, no provision is made in these financial statements for taxation on the net income of the Company.

13. Subsequent events

On March 26, 2025 the Company created a new Cell (Cell 3) and issued £100,000,000 Principal-at-Risk Variable Notes due April 6, 2028.

Ian Coulman resigned as Director effective September 30, 2025.

There has been no other subsequent event from March 1, 2024, through December 15, 2025, the date the financial statements were approved.

14. Parent undertaking and ultimate controlling party

The Company's immediate parent company is CSC Corporate Services (London) Limited, a company incorporated in the United Kingdom and registered in England and Wales. The entire share capital is held on a discretionary trust basis under a share trust deed for the benefit of certain charities by the legal parent company, CSC Corporate Services (London) Limited.