

Reconciliation of Adjusted Book Value per Share from GAAP Book Value per Share

	Dec 31, 2019	Dec 31, 2020	Dec 31, 2021	Dec 31, 2022	Dec 31, 2023	Dec 31, 2024
Book value per share numerators (in millions):						
White Mountains's common shareholders' equity – GAAP book value per share numerator	\$3,261.5	\$3,906.0	\$3,548.1	\$3,746.9	\$4,240.5	\$4,483.7
97% of HG Global's unearned premium reserve	156.7	190.0	214.6	242.1	265.4	288.1
97% of HG Global's net deferred acquisition costs	(41.5)	(52.4)	(60.8)	(69.0)	(76.5)	(83.9)
97% of tvn discount on BAM surplus notes	(151.6)	(142.5)	(125.9)	(95.1)	(87.9)	-
Adjusted book value per share numerator	<u>\$ 3,225.1</u>	<u>\$3,901.1</u>	<u>\$3,576.0</u>	<u>\$3,824.9</u>	<u>\$4,341.5</u>	<u>\$4,687.9</u>
Book value per share denominators (in thousands of shares):						
Common shares outstanding – GAAP book value per share denominator	3,185.4	3,102.0	3,017.8	2,572.1	2,560.5	2,568.1
Unearned restricted common shares	(18.5)	(14.8)	(13.7)	(14.1)	(12.4)	(11.9)
Adjusted book value per share denominator	<u>3,166.9</u>	<u>3,087.2</u>	<u>3,004.1</u>	<u>2,558.0</u>	<u>2,548.1</u>	<u>2,556.2</u>
GAAP book value per share	<u>\$ 1,023.91</u>	<u>\$ 1,259.18</u>	<u>\$ 1,175.73</u>	<u>\$ 1,456.74</u>	<u>\$1,656.14</u>	<u>\$1,745.87</u>
Adjusted book value per share	<u>\$ 1,018.41</u>	<u>\$ 1,263.64</u>	<u>\$ 1,190.39</u>	<u>\$ 1,495.28</u>	<u>\$1,703.82</u>	<u>\$1,833.92</u>

Prior to 2025, adjusted book value per share was a non-GAAP financial measure reported by White Mountains. Adjusted book value per share was derived by adjusting (i) the GAAP book value per share numerator and (ii) the common shares outstanding denominator, as described below.

The GAAP book value per share numerator was adjusted (i) for periods prior to July 1, 2024, to include a discount for the time value of money arising from the modeled timing of cash payments of principal and interest on the BAM Surplus Notes and (ii) for all periods, to add back the unearned premium reserve, net of deferred acquisition costs, at HG Global.

Under GAAP, for periods prior to July 1, 2024, the BAM surplus notes, including accrued interest receivable, were classified as intercompany notes carried at nominal value with no consideration for time value of money and eliminated in consolidation. For adjusted book value, the present value of the BAM surplus notes, including accrued interest, was estimated based on a debt service model that forecasted operating results for BAM through maturity using an 8% discount rate.

For periods subsequent to July 1, 2024, White Mountains carries the BAM surplus notes under GAAP at fair value, and there is no longer a separate time value of money adjustment for adjusted book value purposes. As a result of this change, there was only one remaining adjustment to book value: the add back of the unearned premium reserve, net of deferred acquisition costs, at HG Global. Accordingly, beginning in 2025, White Mountains no longer reports adjusted book value per share.

For periods prior to 2025, White Mountains believes these adjustments are useful to management and investors in analyzing the intrinsic value of HG Global, including the value of the BAM Surplus Notes and the value of the in-force business at HG Re, HG Global's reinsurance subsidiary.

The denominator used in the calculation of adjusted book value per share equaled the number of common shares outstanding adjusted to exclude unearned restricted common shares, the compensation cost of which, at the date of calculation, was yet to be amortized. Restricted common shares are earned on a straight-line basis over their vesting periods.