Nexus Mutual Ensuro (Spot Senior) Follow-On Cover Annex **(the "Annex")**

This Annex forms an integral part of the Follow-On Cover Terms and Conditions (Cover Terms) and is incorporated herein by reference. All provisions, definitions, and conditions set forth in the Cover Terms shall apply to this Annex as if fully set forth herein. Any reference to the "Cover Terms" shall be understood to include this Annex.

Claims Triggers

A Claim Amount may be paid under the Cover Terms if the Actual Yield on the Ensuro Liquidity Pools falls below the Yield Threshold, defined as the sum of the Fixed Yield and an 4.26% threshold. In other words, the Actual Yield must be less than the Expected Yield, after accounting for the upfront cost of the Cover.

Claim Amount Calculation

In the event the Actual Yield is below the Yield Threshold, the Claim Amount payable will be calculated as follows:

Claim Payment = Principle x (Yield Threshold - Actual Yield) x Cover Period in Days / 365
Where, Yield Threshold = 4.26% + Fixed Yield

Profit Share

If the Actual Yield is above the Yield Threshold then a Profit Share due to Nexus Mutual will be calculated as follows:

Profit Share = Principle x (Actual Yield - Yield Threshold) x Cover Period in Days / 365
Profit Share will be paid via the purchase of a Notional Profit Share Cover.

The Cover Amount, as defined in the Cover Terms, shall be calculated based on the Principle multiplied by (1 plus the Yield Threshold), adjusted for the duration of cover (in days) divided by 365. If the Covered Member enters a lower Cover Amount value then the Principle value used in the Claim Amount calculations will be scaled down proportionally.

Yield Calculation Alignment

The Actual Yield shall be calculated using the same basis of calculation as the Expected Yield, requiring any claims reserves calculations or any other component of both yield calculations must apply the same assumptions and calculation methodology. In the event the calculation basis that the Ensuro Liquidity Pools use is modified during the Cover Period, the Actual Yield shall be restated in accordance with the calculation basis used for the Expected Yield.

Any Profit Share due shall be paid to Nexus Mutual via the purchasing of a Notional Profit Share Cover within 14 days of the Cover Period ending.

Definitions

"Actual Yield" means the actual yield earned in the Ensuro Liquidity Pools that the Covered Member allocated to in annualised percentage terms.

"Ensuro Liquidity Pools", known as eTokens, are capital reserves where investors, referred to as liquidity providers (LPs), deposit stablecoins like USDC, as documented on Ensuro's documentation page. These pools are governed by the Terms of Service included in the appendix, defining the rights and obligations of LPs within the protocol.

"Expected Yield" means the annualised yield expected to be earned from the Ensure Liquidity Pool, or where there are multiple Pools the weighted average of the annualised yield expected to be earned, that the covered member is allocating to. If the incorrect expected yield is entered during the cover purchase, then adjustment calculations will be agreed between CRS and the Covered Member and any required cover cost adjustment will be facilitated via a claim payment or through the Profit Share.

"Fixed Yield" means 7% annualised.

"Notional Profit Share Cover" means a form of Cover purchased from Nexus Mutual solely for the purposes of facilitating the delayed payment or Profit Share, due under the Cover Terms. It is not intended to provide genuine Cover, and no Claims shall be payable under it.

"Principle" means the amount of funds that the Covered Member allocates to the Ensuro Liquidity Pools.

"Profit Share" means the excess return earned from the Ensuro Liquidity Pools and is defined as max(0, Actual Yield - Yield Threshold) x Principle x Cover Period in days / 365

Example Calculations

Principle = $1,000,000

Cover Amount = $1,000,000 x (1 +(7% + 4.26%) x 190 / 365) = $1,058,614

Expected Yield = 20%

Fixed Yield = 7%

Cover Duration = 190 days

Yield Threshold = 4.26% + 7% = 22.78%

Actual Return Scenario	Total Return	Covered Member Return	Nexus Mutual Total Return	Upfront Cover Cost	Claim Payment	Profit Share
20%	$104,109.59	$37,218.15	$66,891.44	$21,400.30	0	$45,491.14
13%	$67,671.23	$37,218.15	$30,453.08	$21,400.30	0	$9,052.78
8%	$41,643.84	$37,218.15	$4,425.69	$21,400.30	-$16,974.62	0

Total Return = $1,000,000 x Actual Return x 190 / 365

Covered Member Return = $1,000,000 x 7% x 190 / 365

Nexus Mutual Total Return = $1,000,000 x (Actual Return - 7%) x 190 / 365

Upfront Cover Cost = Principle x 4.11% x 190 / 365

Note: this means the cover cost rate when expressed as a percentage of Cover Amount is 3.88%

If Actual Yield is less than the Yield Threshold then pay a claim:

Claim Payment = Principle x (Yield Threshold - Actual Yield) x 190/365

If Actual Yield is greater than the Yield Threshold, a Profit Share is due:

Profit Share = Principle x (Actual Yield - Yield Threshold) x 190 / 365