FAIRFAX INDIA
HOLDINGS CORPORATION

②

INTERIM REPORT

For the six months ended June 30, 2026

Consolidated Balance Sheets
as at June 30, 2026 and December 31, 2025
(unaudited - US$ thousands)

	Notes	June 30, 2026	December 31, 2025
Assets			
Cash and cash equivalents	6	32,537	8,112
Restricted cash	5, 6	3,703	—
Bonds	5, 6	24,379	64,810
Common stocks	5, 6	3,695,975	3,972,524
Total cash and investments		3,756,594	4,045,446
Interest and dividends receivable		6,048	2,996
Income taxes refundable		601	166
Other assets		934	1,149
Total assets		3,764,177	4,049,757
Liabilities			
Accounts payable and accrued liabilities		1,437	1,043
Accrued interest expense	7, 11	8,787	8,787
Income taxes payable		907	922
Payable to related parties	11	10,384	10,960
Payable for securities purchased	5	76,500	76,500
Derivative obligation	5, 6	14,429	—
Deferred income taxes		210,135	217,859
Borrowings	7, 11	499,131	498,870
Total liabilities		821,710	814,941
Equity	8		
Common shareholders' equity		2,783,739	3,079,648
Non-controlling interests		158,728	155,168
Total equity		2,942,467	3,234,816
		3,764,177	4,049,757

See accompanying notes.

Consolidated Statements of Earnings (Loss)
for the three and six months ended June 30, 2026 and 2025
(unaudited - US$ thousands except per share amounts)

	Notes	Second quarter 2026	Second quarter 2025	First six months 2026	First six months 2025
Income					
Interest	6	340	1,814	966	5,010
Dividends	6	13,850	274	19,444	3,272
Net realized gains (losses) on investments	6	(128,588)	83	(127,762)	699
Net change in unrealized gains on investments	6	394,707	330,883	49,332	108,021
Net foreign exchange gains (losses)	6	2,892	(2,129)	(27,945)	1,116
		283,201	330,925	(85,965)	118,118
Expenses					
Investment and advisory fees	11	10,398	10,643	21,201	20,042
General and administration expenses	12	3,206	1,363	5,150	3,011
Interest expense	7	6,762	7,232	13,519	13,987
		20,366	19,238	39,870	37,040
Earnings (loss) before income taxes		262,835	311,687	(125,835)	81,078
Provision for income taxes	9	29,790	33,128	5,471	13,986
Net earnings (loss)		233,045	278,559	(131,306)	67,092
Attributable to:					
Shareholders of Fairfax India		227,915	278,113	(142,891)	66,889
Non-controlling interests	8	5,130	446	11,585	203
		233,045	278,559	(131,306)	67,092
Net earnings (loss) per basic and diluted share		$ 1.70	$ 2.06	$ (1.06)	$ 0.50
Shares outstanding (weighted average)		134,218,804	134,813,388	134,218,804	134,826,353

See accompanying notes.

Consolidated Statements of Comprehensive Income (Loss)
for the three and six months ended June 30, 2026 and 2025
(unaudited - US$ thousands)

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Net earnings (loss)	233,045	278,559	(131,306)	67,092
Other comprehensive loss, net of income taxes				
Item that may be subsequently reclassified to net earnings (loss)				
Unrealized foreign currency translation losses, net of income taxes of nil (2025 - nil)	(4,349)	(6,843)	(161,181)	(4,797)
Comprehensive income (loss)	228,696	271,716	(292,487)	62,295
Attributable to:				
Shareholders of Fairfax India	223,237	271,705	(296,047)	62,314
Non-controlling interests	5,459	11	3,560	(19)
	228,696	271,716	(292,487)	62,295

See accompanying notes.

Consolidated Statements of Changes in Equity
for the six months ended June 30, 2026 and 2025
(unaudited - US$ thousands)

	Subordinate voting shares	Multiple voting shares	Share-based payments, net	Retained earnings	Accumulated other comprehensive loss	Common shareholders' equity	Non-controlling interests	Total equity
Balance as of January 1, 2026	1,100,735	300,000	(1,033)	2,537,978	(858,032)	3,079,648	155,168	3,234,816
Net earnings (loss) for the period	—	—	—	(142,891)	—	(142,891)	11,585	(131,306)
Other comprehensive loss:								
Unrealized foreign currency translation losses	—	—	—	—	(153,156)	(153,156)	(8,025)	(161,181)
Amortization	—	—	138	—	—	138	—	138
Balance as of June 30, 2026	1,100,735	300,000	(895)	2,395,087	(1,011,188)	2,783,739	158,728	2,942,467
Balance as of January 1, 2025	1,107,265	300,000	(986)	2,131,569	(711,353)	2,826,495	130,767	2,957,262
Net earnings for the period	—	—	—	66,889	—	66,889	203	67,092
Other comprehensive loss:								
Unrealized foreign currency translation losses	—	—	—	—	(4,575)	(4,575)	(222)	(4,797)
Purchases for cancellation (note 8)	(303)	—	—	(134)	—	(437)	—	(437)
Purchases and amortization	—	—	25	—	—	25	—	25
Balance as of June 30, 2025	1,106,962	300,000	(961)	2,198,324	(715,928)	2,888,397	130,748	3,019,145

See accompanying notes.

Consolidated Statements of Cash Flows
for the three and six months ended June 30, 2026 and 2025
(unaudited - US$ thousands)

		Second quarter		First six months	
	Notes	2026	2025	2026	2025
Operating activities					
Net earnings (loss)		233,045	278,559	(131,306)	67,092
Items not affecting cash and cash equivalents:					
Net bond premium amortization		1	51	20	71
Deferred income taxes	9	27,947	33,252	3,330	13,462
Amortization of share-based payment awards		68	58	138	115
Net realized (gains) losses on investments	6	128,588	(83)	127,762	(699)
Net change in unrealized gains on investments	6	(394,707)	(330,883)	(49,332)	(108,021)
Net foreign exchange (gains) losses	6	(2,892)	2,129	27,945	(1,116)
Increase in restricted cash in support of investments	5, 6	(3,703)	—	(3,703)	—
Purchases of investments		(12,320)	—	(12,320)	(87,660)
Sales of investments		26,764	6,931	64,555	76,002
Changes in operating assets and liabilities:					
Interest and dividends receivable		(3,601)	1,918	(3,257)	5,639
Income taxes refundable		(451)	—	(451)	—
Accrued interest expense		6,258	6,268	—	393
Income taxes payable		14	(719)	32	(4,509)
Payable to related parties		1,009	1,161	(23)	398
Other		826	1,714	1,664	1,734
Cash provided by (used in) operating activities		6,846	356	25,054	(37,099)
Financing activities					
Subordinate voting shares:					
Purchases for cancellation	8	—	(437)	—	(437)
Cash used in financing activities		—	(437)	—	(437)
Increase (decrease) in cash and cash equivalents		6,846	(81)	25,054	(37,536)
Cash and cash equivalents – beginning of period		25,577	21,616	8,112	59,322
Foreign currency translation		114	(1,319)	(629)	(1,570)
Cash and cash equivalents – end of period		32,537	20,216	32,537	20,216

See accompanying notes.

Index to Notes to Interim Consolidated Financial Statements

1. Business Operations

Fairfax India Holdings Corporation ("the company" or "Fairfax India") is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India ("Indian Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage Infrastructure Investments Holdings Limited ("Anchorage"), a consolidated subsidiary of FIH Mauritius based in India.

Fairfax Financial Holdings Limited ("Fairfax") is Fairfax India's ultimate parent and acts as its administrator. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Hamblin Watsa Investment Counsel Ltd. (the "Portfolio Advisor"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the province of Ontario, is the portfolio advisor of the company and its consolidated subsidiaries, responsible to source and advise with respect to all investments. Refer to note 11 for details on Fairfax's voting rights and equity interest in the company.

The company is federally incorporated and is domiciled in Ontario, Canada. The principal office of the company, Fairfax and the Portfolio Advisor is located at 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7.

2. Basis of Presentation

The company's interim consolidated financial statements for the three and six months ended June 30, 2026 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standards have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with IFRS Accounting Standards.

These interim consolidated financial statements were approved for issue by the company's Board of Directors on July 30, 2026.

3. Summary of Material Accounting Policies

The principal accounting policies applied to the preparation of these interim consolidated financial statements are as set out in the company's annual consolidated financial statements for the year ended December 31, 2025, prepared in accordance with IFRS Accounting Standards. Those policies and methods of computation have been consistently applied to all periods presented.

The consolidated financial statements are presented in U.S. dollars while the Indian rupee is the functional currency of the company and its consolidated subsidiaries.

New accounting pronouncements adopted in 2026

On January 1, 2026 the company adopted *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*, which did not have a significant impact on the company's consolidated financial statements.

New accounting pronouncements issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements is to be applied retrospectively, with specific transition provisions, for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The company does not expect to adopt IFRS 18 in advance of its effective date and is continuing to evaluate its impact on the company's consolidated financial statements. IFRS 18 requirements and adoption details are described in the company's annual consolidated financial statements for the year ended December 31, 2025.

4. Critical Accounting Estimates and Judgments

In the preparation of the company's interim consolidated financial statements, management has made a number of critical estimates and judgments in determining the valuation of Private Indian Investments, the provision for income taxes and the consolidation of Anchorage in a manner consistent with those as described in the company's annual consolidated financial statements for the year ended December 31, 2025.

5. Indian Investments

Throughout the company's interim consolidated financial statements for the three and six months ended June 30, 2026, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed within this note.

Summary of Changes in the Fair Value of the Company's Indian Investments

A summary of changes in the fair value of the company's Public and Private Indian Investments for the second quarter of 2026 is as follows:

	Second quarter						
	2026						
	Balance as of April 1	Purchases	Sales	Net realized losses on investments	Net change in unrealized gains (losses) on investments [1]	Net unrealized foreign currency translation gains (losses)	Balance as of June 30
Public Indian Investments:							
Common stocks:							
IIFL Finance	290,677	—	—	—	56,155	(2,447)	344,385
IIFL Capital	216,626	—	—	—	88,302	(2,831)	302,097
CSB Bank	246,743	—	—	—	3,084	(1,050)	248,777
Fairchem Organics	32,957	—	—	—	18,481	(609)	50,829
5paisa	19,853	12,320	—	—	11,526	(442)	43,257
Derivatives:							
IIFL Capital forward derivative [2]	—	—	—	—	(14,670)	241	(14,429)
Total Public Indian Investments	806,856	12,320	—	—	162,878	(7,138)	974,916
Private Indian Investments:							
Common stocks:							
BIAL	2,152,384	—	—	—	53,713	4,782	2,210,879
Seven Islands	167,311	—	—	—	29,577	76	196,964
Maxop	88,740	—	—	—	10,436	(23)	99,153
Global Aluminium	84,736	—	—	—	9,315	(5)	94,046
Jaynix	59,531	—	—	—	(610)	79	59,000
NCML	39,691	—	—	—	471	71	40,233
IH Fund	6,625	—	—	—	(287)	17	6,355
Sanmar	26,147	—	(26,764)	(128,588)	129,190	15	—
Other Indian Fixed Income	21,086	—	—	—	—	43	21,129
Total Private Indian Investments	2,646,251	—	(26,764)	(128,588)	231,805	5,055	2,727,759
Total Indian Investments	3,453,107	12,320	(26,764)	(128,588)	394,683	(2,083)	3,702,675

(1) *All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period, with exception of net change in unrealized gains of $129,190 related to the reversal of prior period unrealized losses upon the sale of Sanmar common shares.*

(2) *In connection with the Additional IIFL Capital Investment, the company's commitment to acquire additional shares resulted in the recognition of the IIFL Capital forward derivative. Refer to the Public Indian Investments section below in note 5 for further details.*

A summary of changes in the fair value of the company's Public and Private Indian Investments for the second quarter of 2025 is as follows:

	Second quarter				
	2025				
	Balance as of April 1	Sales	Net change in unrealized gains (losses) on investments [1]	Net unrealized foreign currency translation gains (losses)	Balance as of June 30
Public Indian Investments:					
Common stocks:					
IIFL Finance	246,587	—	110,204	(6)	356,785
IIFL Capital	215,286	—	129,173	433	344,892
CSB Bank	245,191	—	73,294	(481)	318,004
Fairchem Organics	73,904	—	11,372	(30)	85,246
5paisa	31,808	—	5,047	(25)	36,830
Total Public Indian Investments	812,776	—	329,090	(109)	1,141,757
Private Indian Investments:					
Common stocks:					
BIAL	1,886,994	—	6,292	(6,263)	1,887,023
Sanmar	182,342	—	(12,315)	(540)	169,487
Seven Islands	165,186	—	3,502	(656)	168,032
Maxop	98,783	—	353	(339)	98,797
Global Aluminium	81,371	—	708	(270)	81,809
Jaynix	78,698	—	1,050	(241)	79,507
Saurashtra	59,731	—	1,318	(225)	60,824
NCML	44,051	—	(162)	(147)	43,742
IH Fund	9,450	(1,635)	41	(30)	7,826
Other Indian Fixed Income	23,399	—	—	(78)	23,321
Total Private Indian Investments	2,630,005	(1,635)	787	(8,789)	2,620,368
Total Indian Investments	3,442,781	(1,635)	329,877	(8,898)	3,762,125

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period.

A summary of changes in the fair value of the company's Public and Private Indian Investments for the first six months of 2026 is as follows:

	First six months						
	2026						
	Balance as of January 1	Purchases	Sales	Net realized losses on investments	Net change in unrealized gains (losses) on investments (1)	Net unrealized foreign currency translation gains (losses)	Balance as of June 30
Public Indian Investments:							
Common stocks:							
IIFL Finance	438,146	—	—	—	(72,839)	(20,922)	344,385
IIFL Capital	341,610	—	—	—	(22,638)	(16,875)	302,097
CSB Bank	353,575	—	—	—	(88,402)	(16,396)	248,777
Fairchem Organics	57,971	—	—	—	(4,286)	(2,856)	50,829
5paisa	28,759	12,320	—	—	3,860	(1,682)	43,257
Derivatives:							
IIFL Capital forward derivative (2)	—	—	—	—	(14,670)	241	(14,429)
Total Public Indian Investments	1,220,061	12,320	—	—	(198,975)	(58,490)	974,916
Private Indian Investments:							
Common stocks:							
BIAL	2,187,387	—	—	—	136,177	(112,685)	2,210,879
Seven Islands	162,379	—	—	—	43,500	(8,915)	196,964
Maxop	95,486	—	—	—	8,630	(4,963)	99,153
Global Aluminium	90,768	—	—	—	7,992	(4,714)	94,046
Jaynix	65,930	—	—	—	(3,661)	(3,269)	59,000
NCML	41,896	—	—	—	460	(2,123)	40,233
IH Fund	6,996	—	—	—	(292)	(349)	6,355
Sanmar	101,621	—	(26,764)	(128,588)	56,516	(2,785)	—
Other Indian Fixed Income	22,252	—	—	—	—	(1,123)	21,129
Total Private Indian Investments	2,774,715	—	(26,764)	(128,588)	249,322	(140,926)	2,727,759
Total Indian Investments	3,994,776	12,320	(26,764)	(128,588)	50,347	(199,416)	3,702,675

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period, with exception of net change in unrealized gains of $56,516 related to the reversal of prior period unrealized losses upon the sale of Sanmar common shares.

(2) In connection with the Additional IIFL Capital Investment, the company's commitment to acquire additional shares resulted in the recognition of the IIFL Capital forward derivative. Refer to the Public Indian Investments section below in note 5 for further details.

A summary of changes in the fair value of the company's Public and Private Indian Investments for the first six months of 2025 is as follows:

	First six months							
	2025							
	Balance as of January 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments (1)	Net unrealized foreign currency translation losses	Balance as of June 30
Public Indian Investments:								
Common stocks:								
IIFL Finance	311,401	—	—	—	—	45,740	(356)	356,785
IIFL Capital	322,990	—	—	—	—	22,368	(466)	344,892
CSB Bank	254,756	—	—	—	—	63,440	(192)	318,004
Fairchem Organics	102,234	—	—	—	—	(16,750)	(238)	85,246
5paisa	41,883	—	—	—	—	(4,963)	(90)	36,830
Total Public Indian Investments	1,033,264	—	—	—	—	109,835	(1,342)	1,141,757
Private Indian Investments:								
Common stocks:								
BIAL	1,631,988	255,000	—	—	—	130	(95)	1,887,023
Sanmar	201,446	—	—	—	—	(31,495)	(464)	169,487
Seven Islands	145,990	—	—	—	—	22,206	(164)	168,032
Maxop	97,176	—	—	—	—	1,780	(159)	98,797
Global Aluminium	81,237	—	—	—	—	708	(136)	81,809
Jaynix	81,577	—	—	—	—	(1,924)	(146)	79,507
Saurashtra	54,688	—	—	—	—	6,206	(70)	60,824
NCML	44,250	—	—	—	—	(431)	(77)	43,742
IH Fund	9,590	—	(1,720)	—	1	(29)	(16)	7,826
Other Indian Fixed Income	31,023	—	(7,547)	49	—	—	(204)	23,321
Total Private Indian Investments	2,378,965	255,000	(9,267)	49	1	(2,849)	(1,531)	2,620,368
Total Indian Investments	3,412,229	255,000	(9,267)	49	1	106,986	(2,873)	3,762,125

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period.

Public Indian Investments

The fair values of Fairfax India's Public Indian Investments, with shares listed on both the BSE and the National Stock Exchange of India ("NSE of India"), are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

The table below provides a summary of the company's Public Indian Investments at June 30, 2026 and December 31, 2025:

		June 30, 2026		December 31, 2025	
Public Indian Investments:	**Industry**	**Shares held**	**Ownership**	**Shares held**	**Ownership**
Common stocks:					
IIFL Finance Limited ("IIFL Finance")	Financial services	64,552,521	15.2 %	64,552,521	15.2 %
IIFL Capital Services Limited ("IIFL Capital")	Financial services	84,641,445	27.0 %	84,641,445	27.2 %
CSB Bank Limited ("CSB Bank") (1)	Financial services	69,394,331	40.0 %	69,394,331	40.0 %
Fairchem Organics Limited ("Fairchem Organics") (2)	Commercial and industrial	7,202,656	57.2 %	7,202,656	55.3 %
5paisa Capital Limited ("5paisa")	Financial services	11,505,195	24.5 %	7,670,130	24.6 %

(1) The company is subject to a dilution schedule from the Reserve Bank of India, requiring the company to bring down its shareholding in CSB Bank to 30.0% within 10 years and 26.0% within 15 years of the investment completion date of August 7, 2019.

(2) In January 2026, Fairchem Organics completed a share buyback, resulting in the purchase and cancellation of 425,000 of its own equity shares. The company did not tender any shares and as a result, its equity interest in Fairchem Organics increased from 55.3% to 57.2%.

The changes in fair value of the company's Public Indian Investments for the second quarters and first six months of 2026 and 2025 are presented in the tables disclosed earlier in note 5.

Updates to Investment in 5paisa Capital Limited

On March 11, 2026 5paisa announced a rights offering for existing shareholders to participate in a common share issuance on a pro rata basis of 1 newly issued equity share for every 2 equity shares held, at a price of 300.00 Indian rupees per share ("5paisa Rights Offer"). On April 15, 2026 the company participated in the issuance at its proportionate rights entitlement, and acquired 3,835,065 equity shares of 5paisa for cash consideration of $12,320 (1.2 billion Indian rupees).

Updates to Investment in IIFL Capital Services Limited

On May 7, 2026 the company, through FIH Mauritius, entered into an investment agreement with IIFL Capital and its existing promoters to increase its equity interest in IIFL Capital through a combination of transactions (collectively, "Additional IIFL Capital Investment"). Upon completion of the transactions, Fairfax India's ownership interest, together with an affiliate, is expected to increase to at least 51.0% on a fully-diluted basis ("Target IIFL Capital Shareholding"). At June 30, 2026 Fairfax India and its affiliate collectively held a 30.3% ownership interest in IIFL Capital (27.0% and 3.3%, respectively), representing 27.2% on a fully-diluted basis.

The Additional IIFL Capital Investment consists of: (i) a preferential issuance of 57,142,857 newly issued equity shares of IIFL Capital and a related regulatory-mandated open offer ("IIFL Capital Open Offer", described below); and (ii) to the extent the Target IIFL Capital Shareholding is not met, a secondary acquisition of shares from existing promoters. The transactions each have an underlying price of 350.00 Indian rupees per share. Subject to the results of the IIFL Capital Open Offer, the aggregate consideration is estimated at approximately $417 million (39.3 billion Indian rupees), representing the anticipated share purchase required to achieve the Target IIFL Capital Shareholding.

In accordance with Indian regulations, the company was required to announce an open offer to existing IIFL Capital shareholders for the acquisition of up to 100,144,112 common shares of IIFL Capital. The company was also required to deposit cash of 350.5 million Indian rupees ($3,703 at period end exchange rates) into an escrow account, and obtain a bank guarantee for 4,255.0 million Indian rupees ($44,951 at period end exchange rates) in support of the IIFL Capital Open Offer. The escrow deposit is classified as restricted cash within the consolidated balance sheet.

The company's commitment to acquire additional shares under the investment agreement gave rise to a forward purchase derivative ("IIFL Capital forward derivative"). At June 30, 2026 the fair value of the derivative obligation was estimated to be $14,429, based on the difference between the contractual purchase price and closing bid price of the underlying shares required to achieve the Target IIFL Capital Shareholding.

The transaction remains subject to regulatory approvals, third party consents, completion of the IIFL Capital Open Offer and other customary closing conditions, and is expected to close in stages commencing in the fourth quarter of 2026. Due to regulatory requirements related to the Additional IIFL Capital Investment, the company's existing investment of 84,641,445 common shares of IIFL Capital is subject to selling restrictions until May 7, 2027.

Private Indian Investments

The fair values of Fairfax India's Private Indian Investments cannot be derived from an active market and accordingly, are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. Use of unobservable inputs can involve significant judgment and may materially affect the reported fair value of these investments.

For all Private Indian Investment valuations prepared using a discounted cash flow analysis, discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment in which the Indian Investment operates. Long term growth rates were based on the expected long term sustainable growth rate of the economic environment and sectors in which the Indian Investment operates.

The changes in fair value of the company's Private Indian Investments for the second quarters and first six months of 2026 and 2025 are presented in the tables disclosed earlier in note 5.

Investment in Bangalore International Airport Limited

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership. KIAB is the first greenfield airport in India built through a public-private partnership.

On February 20, 2025 the company, through FIH Mauritius, completed the acquisition of an additional 10.0% equity interest in BIAL from Siemens Project Ventures GmbH ("Siemens") for a purchase price of $255,000 (22.1 billion Indian rupees) ("Additional BIAL Investment").

In accordance with the terms of the transaction, on the closing date, the company paid an initial installment of $84,150 and delivered a letter of credit in favour of Siemens, representing the deferred purchase price of $170,850. On August 26, 2025 the company paid the second installment of $94,350, and subsequently reduced the outstanding letter of credit to $76,500. Refer to note 7 (Borrowings, under the heading Revolving Credit Facility) for further details. At June 30, 2026 and December 31, 2025, the payable for securities purchased of $76,500 presented in the company's consolidated balance sheet reflected the third and final installment to be paid to Siemens in the third quarter of 2026.

At June 30, 2026 the company estimated the fair value of its investment in BIAL using a discounted cash flow analysis for its five business units based on multi-year free cash flow forecasts with assumed after-tax discount rates ranging from 12.2% to 16.6% and a long term growth rate of 3.5% (December 31, 2025 - 12.2% to 17.5%, and 3.5%, respectively). At June 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by BIAL's management in the third and fourth quarters of 2025 (December 31, 2025 - third and fourth quarters of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are future domestic and international passenger traffic, airport tariff assumptions for future control periods, completion of capital expansion projects and development of leasehold land. In the event that forecasted passenger traffic or expected airport tariff levels are not met in future periods, or if significant delays in construction and development activities occur, the fair value of the company's investment in BIAL may be negatively impacted.

Current Model Assumptions

There have been no significant changes in the first six months of 2026 to the free cash flow forecasts provided by BIAL's management in 2025.

At June 30, 2026 the company held a 74.0% equity interest in BIAL (December 31, 2025 - 74.0%) and its internal valuation model indicated that the fair value of the company's investment in BIAL was $2,210,879 (December 31, 2025 - $2,187,387).

At June 30, 2026 and December 31, 2025, the company held 43.6% out of its 74.0% equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0%. Refer to note 8 (Total Equity, under the heading Non-controlling interests) for further discussion on Anchorage.

Subsequent to June 30

On July 29, 2026, the company completed the third and final installment payment of $76,500 related to the Additional BIAL Investment. Accordingly, the payable for securities purchased outstanding at June 30, 2026 was settled in full and the related letter of credit is expected to be cancelled prior to its September 30, 2026 expiry, in accordance with the process set out in the letter of credit.

Investment in Seven Islands Shipping Limited

Seven Islands Shipping Limited ("Seven Islands"), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels. Seven Islands' subsidiary, Seven Islands Shipping International FZE ("SISIF"), is located in the United Arab Emirates and operates foreign-flagged vessels.

At June 30, 2026 the company estimated the fair value of its investment in Seven Islands using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 14.8% to 14.9% and long term growth rates ranging from 2.5% to 3.0% (December 31, 2025 - 14.9% to 15.8%, and 2.5% to 3.0%, respectively). At June 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Seven Islands' management in the second quarter of 2026 (December 31, 2025 - third quarter of 2025).

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is the vessel profile, including planned vessel acquisitions and charter rates.

Current Model Assumptions

Free cash flow forecasts were revised by Seven Islands' management during 2026 primarily to reflect: (i) higher EBITDA reflecting growth in the fleet size and upward revisions to charter rates; (ii) lower EBITDA margins reflecting an increase in ship operating expenses; (iii) revised foreign exchange assumptions resulting in favourable impact to revenues in Indian rupees (charter rates are denominated in U.S. dollars); and (iv) increased capital expenditures to reflect additional vessels added to the fleet and higher maintenance-related capital expenditure across each vessel type.

At June 30, 2026 the company held a 48.5% equity interest in Seven Islands (December 31, 2025 - 48.5%) and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was $196,964 (December 31, 2025 - $162,379).

Investment in Maxop Engineering Company Private Limited

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors.

At June 30, 2026 the company estimated the fair value of its investment in Maxop using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 15.8% to 18.4% and a long term growth rate of 4.0% (December 31, 2025 - 15.0% to 17.7%, and 4.0%, respectively). At June 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Maxop's management in the second quarter of 2026 (December 31, 2025 - fourth quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

Free cash flow forecasts were revised by Maxop's management during the second quarter of 2026 primarily to reflect: (i) lower revenue in fiscal year 2027 based on reduced production volumes from certain customers; (ii) stronger revenue growth in fiscal year 2028 driven by anticipated new part nominations from opportunities included in Maxop's latest contract pipeline; (iii) higher EBITDA margins primarily attributable to cost optimization measures and an increased focus on producing higher value-added products; and (iv) lower working capital requirements arising from the use of trade receivable financing facilities.

At June 30, 2026 the company held a 67.0% equity interest in Maxop (December 31, 2025 - 67.0%) and its internal valuation model indicated that the fair value of the company's investment in Maxop was $99,153 (December 31, 2025 - $95,486).

Investment in Global Aluminium Private Limited

Global Aluminium Private Limited ("Global Aluminium"), a private company located in Hyderabad, India, is an aluminum extrusions manufacturer with in-house capabilities to produce anodized and powder-coated aluminum products.

At June 30, 2026 the company estimated the fair value of its investment in Global Aluminium using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 18.2% and a long term growth rate of 3.5% (December 31, 2025 - 17.3%, and 3.5%, respectively). At June 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Global Aluminium's management in the second quarter of 2026 (December 31, 2025 - fourth quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

Free cash flow forecasts were revised by Global Aluminium's management in the second quarter of 2026 primarily to reflect: (i) higher revenues driven by changes to underlying pricing assumptions based on fiscal year 2026 actual results, partially offset by lower EBITDA margins reflecting higher production costs; (ii) incorporating higher growth for fiscal year 2031; (iii) increased working capital requirements due to higher raw material prices; and (iv) higher capital expenditures to increase production capacity.

At June 30, 2026 the company held a 65.0% equity interest in Global Aluminium (December 31, 2025 - 65.0%) and its internal valuation model indicated that the fair value of the company's investment in Global Aluminium was $94,046 (December 31, 2025 - $90,768).

Investment in Jaynix Engineering Private Limited

Jaynix Engineering Private Limited ("Jaynix"), a private company based in Gujarat, India, is a manufacturer of non-ferrous electrical connectors and electrical assemblies, and is a critical Tier 1 supplier to major electrical original equipment manufacturers primarily in North America.

At June 30, 2026 the company estimated the fair value of its investment in Jaynix using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 27.3% and a long term growth rate of 1.5% (December 31, 2025 - 25.1% and 1.5% respectively). At June 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Jaynix's management in the second quarter of 2026 (December 31, 2025 - fourth quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

Free cash flow forecasts were revised by Jaynix's management during the second quarter of 2026 primarily to reflect: (i) increased capital expenditures in fiscal year 2027 related to buildings under construction; and (ii) lower working capital requirements based on fiscal year 2026 actual results.

At June 30, 2026 the company held a 70.0% equity interest in Jaynix (December 31, 2025 - 70.0%) and its internal valuation model indicated that the fair value of the company's investment in Jaynix was $59,000 (December 31, 2025 - $65,930).

Investment in National Commodities Management Services Limited

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is an integrated agriculture value chain solutions provider, with services including grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. NCML also operates silos constructed under concession agreements with the Food Corporation of India, and a non-banking financial company ("NBFC") which focuses on rural and agri-business financing.

NCML Common Shares

At June 30, 2026 the company estimated the fair value of its investment in NCML common shares using: (i) a discounted cash flow analysis based on multi-year free cash flow forecasts for two business units with assumed after-tax discount rates ranging from 11.7% to 15.8% and long term growth rates ranging from 2.4% to 5.0% (December 31, 2025 - 12.8% to 14.7%, and 2.4% to 5.0%, respectively); and (ii) an adjusted net book value approach for its NBFC business unit. At June 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by NCML's management in the first quarter of 2026 (December 31, 2025 - second quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are warehouse and silo capacity and utilization.

Current Model Assumptions

Free cash flow forecasts were revised by NCML's management during the first quarter of 2026 primarily to reflect: (i) lower EBITDA forecasts based on an anticipated slowdown in commodity storage demand, combined with higher operating expenses due to current market conditions; (ii) higher EBITDA margins over the longer term as cost optimization measures are realized; and (iii) higher corresponding working capital requirements primarily driven by the changes to EBITDA forecasts.

At June 30, 2026 the company held a 91.0% equity interest in NCML (December 31, 2025 - 91.0%) and its internal valuation model indicated that the fair value of the company's equity investment in NCML was $40,233 (December 31, 2025 - $41,896).

NCML Non-convertible Debentures

In 2023 the company invested $24,013 (2.0 billion Indian rupees) in 9.47% unsecured non-convertible debentures ("NCML NCD"), due November 8, 2028.

At June 30, 2026 the fair value of the company's investment in the NCML NCD of $21,129 (including a deferred loss of $1,784) (December 31, 2025 - $22,252, including a deferred loss of $2,220) was based on a discounted cash flow analysis using an estimate of NCML's credit spread, and is presented within Other Indian Fixed Income in the tables disclosed earlier in note 5.

At June 30, 2026 the company's interest receivable included a carrying value of $2,157 (December 31, 2025 - $2,430) related to interest receivable on the NCML NCD. To help alleviate NCML's liquidity challenges due to delays in asset monetizations, the company has allowed NCML to defer interest payments on the NCML NCD accrued since January 1, 2024.

Investment in India Housing Fund

India Housing Fund ("IH Fund") is a closed-ended fund of 360 ONE Private Equity Fund registered as a Category II Alternative Investment Fund ("AIF") under the Securities and Exchange Board of India AIF Regulations.

The company did not receive distributions from IH Fund during the second quarter and first six months of 2026. During the second quarter and first six months of 2025 the company received distributions of $1,635 and $1,720 from IH Fund.

At June 30, 2026 the company estimated the fair value of its investment in IH Fund of $6,355 (December 31, 2025 - $6,996) based on the net asset value provided by the third party fund manager. The fair values of the underlying assets are determined using quoted prices for short term investments, and industry accepted valuation models for debt and equity instruments.

Investment in Sanmar Chemical Enterprises Limited

Sanmar Chemical Enterprises Limited ("Sanmar"), a private company located in Chennai, India, is one of the largest polyvinyl chloride manufacturers in India, operating in India and Egypt. Its operating subsidiaries are principally comprised of TCI Sanmar Chemicals S.A.E. ("Sanmar Egypt") and Chemplast Sanmar Limited ("Chemplast"). Chemplast is publicly listed and actively traded on both the BSE and NSE of India.

On April 9, 2026 the company completed the sale of its entire investment in Sanmar to an affiliate of Sanmar for gross proceeds of $26,764 (2.5 billion Indian rupees), resulting in realized losses of $128,588. At December 31, 2025 the company's internal valuation model indicated that the fair value of the company's investment in Sanmar was $101,621, and was based on (i) a discounted cash flow analysis for Sanmar Egypt; and (ii) the unadjusted bid price of Chemplast's common shares.

6. Cash and Investments

Fair Value Disclosures

The company's use of quoted market prices (Level 1), valuation models using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities by type of issuer was as follows:

	June 30, 2026					December 31, 2025				
	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)
Cash and cash equivalents	32,537	—	—	32,537	3,080	8,112	—	—	8,112	729
Restricted cash [1]	3,703	—	—	3,703	351	—	—	—	—	—
	36,240	—	—	36,240	3,431	8,112	—	—	8,112	729
Bonds:										
Government of India [2]	—	3,250	—	3,250	308	—	42,558	—	42,558	3,825
Other Indian Fixed Income [3]	—	—	21,129	21,129	2,000	—	—	22,252	22,252	2,000
	—	3,250	21,129	24,379	2,308	—	42,558	22,252	64,810	5,825
Common stocks:										
IIFL Finance	344,385	—	—	344,385	32,599	438,146	—	—	438,146	39,380
IIFL Capital	302,097	—	—	302,097	28,596	341,610	—	—	341,610	30,704
CSB Bank	248,777	—	—	248,777	23,549	353,575	—	—	353,575	31,779
Fairchem Organics	50,829	—	—	50,829	4,811	57,971	—	—	57,971	5,210
5paisa	43,257	—	—	43,257	4,095	28,759	—	—	28,759	2,585
BIAL	—	—	2,210,879	2,210,879	209,279	—	—	2,187,387	2,187,387	196,601
Seven Islands	—	—	196,964	196,964	18,644	—	—	162,379	162,379	14,595
Maxop	—	—	99,153	99,153	9,386	—	—	95,486	95,486	8,582
Global Aluminium	—	—	94,046	94,046	8,902	—	—	90,768	90,768	8,158
Jaynix	—	—	59,000	59,000	5,585	—	—	65,930	65,930	5,926
NCML	—	—	40,233	40,233	3,808	—	—	41,896	41,896	3,766
IH Fund	—	—	6,355	6,355	602	—	—	6,996	6,996	629
Sanmar [4]	—	—	—	—	—	—	—	101,621	101,621	9,134
	989,345	—	2,706,630	3,695,975	349,856	1,220,061	—	2,752,463	3,972,524	357,049
Total cash and investments	1,025,585	3,250	2,727,759	3,756,594	355,595	1,228,173	42,558	2,774,715	4,045,446	363,603
Derivative obligations:										
IIFL Capital forward derivative	—	—	(14,429)	(14,429)	(1,366)	—	—	—	—	—
Total cash and investments, net of derivative obligation	1,025,585	3,250	2,713,330	3,742,165	354,229	1,228,173	42,558	2,774,715	4,045,446	363,603
	27.4 %	0.1 %	72.5 %	100.0 %	100.0 %	30.4 %	1.0 %	68.6 %	100.0 %	100.0 %

(1) At June 30, 2026 restricted cash was comprised of a cash deposit held in escrow for the IIFL Capital Open Offer.

(2) Priced based on information provided by independent pricing service providers at June 30, 2026 and December 31, 2025.

(3) At June 30, 2026, Other Indian Fixed Income included a deferred loss of $1,784 related to the NCML NCD (December 31, 2025 - $2,220).

(4) At December 31, 2025, the portion of fair value derived from Sanmar's equity interest in its publicly listed subsidiary, Chemplast, was $97,306. The remaining fair value was attributable to Sanmar Egypt's equity value and net debt primarily due to affiliates of Sanmar.

Transfers between fair value hierarchy levels are considered effective from the beginning of the annual reporting period in which the transfer is identified. During the first six months of 2026 and 2025 there were no transfers of financial instruments between fair value hierarchy levels.

A summary of changes in the fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy, denominated in the company's functional currency of the Indian rupee for the first six months of 2026 and 2025 is as follows:

	First six months				
	2026				
Indian rupees *(in millions)*	**Balance as of January 1**	**Sales**	**Net realized losses on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of June 30**
Common stocks:					
BIAL	196,601	—	—	12,678	209,279
Seven Islands	14,595	—	—	4,049	18,644
Maxop	8,582	—	—	804	9,386
Global Aluminium	8,158	—	—	744	8,902
Jaynix	5,926	—	—	(341)	5,585
NCML	3,766	—	—	42	3,808
IH Fund	629	—	—	(27)	602
Sanmar	9,134	(2,480)	(11,915)	5,261	—
Other Indian Fixed Income	2,000	—	—	—	2,000
Derivatives:					
IIFL Capital forward derivative	—	—	—	(1,366)	(1,366)
Total	249,391	(2,480)	(11,915)	21,844	256,840

	First six months						
	2025						
Indian rupees *(in millions)*	**Balance as of January 1**	**Purchases**	**Sales**	**Amortization**	**Net realized gains on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of June 30**
Common stocks:							
BIAL	139,721	22,099	—	—	—	11	161,831
Sanmar	17,247	—	—	—	—	(2,712)	14,535
Seven Islands	12,499	—	—	—	—	1,912	14,411
Maxop	8,319	—	—	—	—	154	8,473
Global Aluminium	6,955	—	—	—	—	61	7,016
Jaynix	6,984	—	—	—	—	(166)	6,818
Saurashtra	4,682	—	—	—	—	534	5,216
NCML	3,788	—	—	—	—	(37)	3,751
IH Fund	821	—	(148)	—	0	(2)	671
Other Indian Fixed Income	2,656	—	(660)	4	—	—	2,000
Total	203,672	22,099	(808)	4	0	(245)	224,722

The changes in fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy in the company's presentation currency of U.S. dollars are disclosed in note 5.

For all Indian Investments classified as Level 3 in the fair value hierarchy, net change in unrealized gains (losses) on investments related to investments held at the end of the reporting periods, except for the net change in unrealized gains of 5,261 million Indian rupees during first six months of 2026 related to the reversal of prior period unrealized losses upon the sale of Sanmar common shares.

The table that follows illustrates the potential impact on net earnings (loss) of various combinations of changes in unobservable inputs in the company's internal valuation models for its Indian Investments classified as Level 3 in the fair value hierarchy at June 30, 2026. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on an analysis of the return on various equity indices, management's knowledge of the Indian equity markets and the potential impact of changes in interest rates. The change reflects the additional uncertainty in determining the discounted cash flows for assessing the fair values of Private Indian Investments. This sensitivity analysis excludes the company's investment in IH Fund and the IIFL Capital forward derivative, as the company determined that there were no significant unobservable inputs suited for a sensitivity analysis. Additionally, significant unobservable inputs pertaining to Other Indian Fixed Income relate to individual issuer credit spreads, where an increase (decrease) in credit spreads would generally result in a lower (higher) fair value of the underlying investment, as reflected in note 10 (Financial Risk Management, under the heading Interest Rate Risk).

Investments	Fair value of Level 3 investment	Valuation technique	Significant unobservable inputs	Significant unobservable inputs used in the internal valuation models	Hypothetical $ change effect on fair value measurement (1)	Hypothetical $ change effect on net earnings (1)(2)
Common stocks:						
BIAL	2,210,879	Discounted cash flow	After-tax discount rate	12.2% to 16.6%	(446,905) / 569,309	(387,690) / 493,875
			Long term growth rate	3.5%	48,760 / (46,065)	42,300 / (39,962)
Seven Islands	196,964	Discounted cash flow	After-tax discount rate	14.8% to 14.9%	(16,534) / 19,424	(14,344) / 16,850
			Long term growth rate	2.5% to 3.0%	2,630 / (2,522)	2,281 / (2,188)
Maxop	99,153	Discounted cash flow	After-tax discount rate	15.8% to 18.4%	(11,041) / 12,957	(9,578) / 11,240
			Long term growth rate	4.0%	1,858 / (1,785)	1,612 / (1,548)
Global Aluminium	94,046	Discounted cash flow	After-tax discount rate	18.2%	(7,876) / 9,062	(6,832) / 7,861
			Long term growth rate	3.5%	1,264 / (1,221)	1,097 / (1,059)
Jaynix	59,000	Discounted cash flow	After-tax discount rate	27.3%	(2,715) / 2,946	(2,355) / 2,556
			Long term growth rate	1.5%	295 / (289)	256 / (251)
NCML (3)	40,233	Discounted cash flow	After-tax discount rate	11.7% to 15.8%	(7,594) / 9,290	(6,588) / 8,059
			Long term growth rate	2.4% to 5.0%	1,087 / (1,035)	943 / (898)

(1) The impact on the internal valuation models from changes in significant unobservable inputs deemed to be subject to the most judgment and estimates disclosed in the table above shows the hypothetical increase (decrease) in net earnings. Changes in the after-tax discount rates (100 basis points) and long term growth rates (25 basis points), each in isolation, would hypothetically change the fair value of the company's investments as noted in the table above. Generally, an increase (decrease) in long term growth rates, or a decrease (increase) in after-tax discount rates would result in a higher (lower) fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy. After-tax discount rates are subject to a mitigating factor: increases (decreases) in after-tax discount rates tend to be accompanied by increases (decreases) in free cash flows, and the resulting changes in the fair value of an investment may offset each other.

(2) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

(3) The company determined that there were no significant unobservable inputs suited for a sensitivity analysis for NCML's NBFC business unit where an adjusted net book value approach was applied.

Fixed Income Maturity Profile

Bonds are summarized by their earliest contractual maturity date in the table that follows. The decrease in bonds due after 1 year through 5 years primarily reflects sales of Government of India bonds to fund the 5paisa Rights Offer and other operating requirements. At June 30, 2026 and December 31, 2025 there were no bonds containing call or put features.

	June 30, 2026		December 31, 2025	
	Amortized cost	Fair value	Amortized cost	Fair value
Due after 1 year through 5 years	24,317	24,379	63,693	64,810
	24,317	24,379	63,693	64,810

Investment Income

An analysis of investment income for the three and six months ended June 30 is summarized in the table that follows:

Interest and dividends

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Interest:				
Cash and cash equivalents	292	221	345	630
Bonds	48	1,593	621	4,380
	340	1,814	966	5,010
Dividends: Common stocks	13,850	274	19,444	3,272

Net gains (losses) on investments and net foreign exchange gains (losses)

	Second quarter					
	2026			**2025**		
	Net realized gains (losses)	**Net change in unrealized gain (losses)**	**Net gains (losses)**	**Net realized gains (losses)**	**Net change in unrealized gains (losses)**	**Net gains (losses)**
Net gains (losses) on investments:						
Bonds	—	24	24	83	1,006	1,089
Common stocks	(128,588) (1)	409,353 (1)	280,765	—	329,877 (1)	329,877
Derivatives	—	(14,670) (1)	(14,670)	—	—	—
	(128,588)	394,707	266,119	83	330,883	330,966
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	702	—	702	89	—	89
Borrowings	—	1,472	1,472	—	(1,638)	(1,638)
Other	718	—	718	(580)	—	(580)
	1,420	1,472	2,892	(491)	(1,638)	(2,129)

	First six months					
	2026			**2025**		
	Net realized gains (losses)	**Net change in unrealized gains (losses)**	**Net gains (losses)**	**Net realized gains**	**Net change in unrealized gains (losses)**	**Net gains (losses)**
Net gains (losses) on investments:						
Bonds	826	(1,015)	(189)	698	1,035	1,733
Common stocks	(128,588) (1)	65,017 (1)	(63,571)	1	106,986 (1)	106,987
Derivatives	—	(14,670) (1)	(14,670)	—	—	—
	(127,762)	49,332	(78,430)	699	108,021	108,720
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	1,199	—	1,199	358	—	358
Borrowings	—	(25,772)	(25,772)	—	(806)	(806)
Other	(3,372)	—	(3,372)	1,564	—	1,564
	(2,173)	(25,772)	(27,945)	1,922	(806)	1,116

(1) Refer to note 5 for a summary of changes in the fair value of the company's Public and Private Indian Investments during the second quarters and first six months of 2026 and 2025.

7. Borrowings

	June 30, 2026			December 31, 2025		
	Principal	Carrying value (1)	Fair value (2)	Principal	Carrying value (1)	Fair value (2)
Unsecured Senior Notes:						
5.0% Unsecured Senior Notes due February 26, 2028	500,000	499,131	482,600	500,000	498,870	479,650

(1) Principal net of unamortized issue costs.

(2) Fair value of the Unsecured Senior Notes at June 30, 2026 and December 31, 2025 was based principally on information provided by independent pricing service providers (Level 2 in the fair value hierarchy).

Unsecured Senior Notes

On February 26, 2021 the company completed an offering of $500,000 principal amount of 5.0% unsecured senior notes due February 26, 2028 ("Unsecured Senior Notes") at par, for net proceeds of $496,350 after commissions and expenses. Fairfax, through its subsidiaries, holds $58,400 of the $500,000 principal amount under the same terms as the other participants. Refer to note 11 for further details on amounts due to related parties.

At June 30, 2026 the Unsecured Senior Notes were recognized net of unamortized issuance costs of $869 (December 31, 2025 - $1,130) and recorded within borrowings in the consolidated balance sheets. The issuance costs are amortized over the remaining life of the Unsecured Senior Notes and recorded in interest expense in the consolidated statements of earnings (loss).

Revolving Credit Facility

The company has an unsecured revolving credit facility ("Revolving Credit Facility") with a syndicate led by a Canadian bank. At June 30, 2026 and December 31, 2025 the Revolving Credit Facility had a total commitment of $245,000, which includes a temporary commitment related to the issuance of a letter of credit, and will step down to $220,000 on October 1, 2026. The Revolving Credit Facility has a maturity date of November 13, 2028 and an option to extend for an additional year.

In February 2025 the company issued a letter of credit in favour of Siemens representing the deferred purchase price related to the Additional BIAL Investment. The letter of credit has an expiry date of September 30, 2026.

At June 30, 2026 and December 31, 2025 the company had a $76,500 letter of credit issued and outstanding, resulting in a remaining capacity of $168,500 under the Revolving Credit Facility.

Subsequent to June 30

On July 27, 2026 the company drew $76,500 under the Revolving Credit Facility to fund the third and final installment payment of the Additional BIAL Investment. The related letter of credit of $76,500 is expected to be cancelled prior to its September 30, 2026 expiry, in accordance with the process set out in the letter of credit.

Interest Expense

In the second quarter and first six months of 2026, interest expense of $6,762 and $13,519 (2025 - $7,232 and $13,987) was comprised of stated interest on Unsecured Senior Notes, letter of credit utilization fees and amortization of issuance costs. During the second quarter and first six months of 2026 the company paid interest of $372 and $13,258 (2025 - $833 and $13,333) on its borrowings and letter of credit.

8. Total Equity

Common shareholders' equity

Common Stock

The number of shares outstanding was as follows:

	First six months	
	2026	2025
Subordinate voting shares – January 1	104,218,804	104,839,462
Purchases for cancellation	—	(28,758)
Subordinate voting shares – June 30	104,218,804	104,810,704
Multiple voting shares – beginning and end of period	30,000,000	30,000,000
Common shares effectively outstanding – June 30	134,218,804	134,810,704

Purchase of Shares

The company has the ability to purchase for cancellation subordinate voting shares at prevailing market prices under the terms of its normal course issuer bid and in accordance with the rules and policies of the TSX. During the first six months of 2026, the company did not purchase for cancellation any shares under its normal course issuer bid program. During the first six months of 2025, the company purchased for cancellation 28,758 subordinate voting shares for a net cost of $437, of which $134 was charged to retained earnings.

In connection with the normal course issuer bid, the company also entered into an automatic share purchase plan with its designated broker to allow for the purchase of subordinate voting shares during times when the company normally would not be active in the market. Such purchases are determined by the broker in its sole discretion based on the parameters established by the company prior to commencement of the applicable trading black-out period.

Non-controlling interests

At June 30, 2026 and December 31, 2025, the company held 43.6% out of its 74.0% equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0%.

Net earnings attributable to non-controlling interests of $5,130 and $11,585 during the second quarter and first six months of 2026 (2025 - $446 and $203) principally related to net unrealized gains on Anchorage's investment in BIAL based on OMERS' present economic interest.

The company shall use commercially reasonable efforts to list Anchorage by way of an IPO in India, subject to regulatory approvals and market conditions by the IPO long-stop date. During 2025, the company and OMERS agreed to extend the IPO long-stop date by one year to September 16, 2026. If the valuation of Anchorage upon closing of the IPO is below approximately $1.0 billion (at period end exchange rates) (91.6 billion Indian rupees), then OMERS' ownership in Anchorage will increase to a maximum of 15.0% and the company's ownership in Anchorage will decrease to a minimum of 85.0% (fully-diluted equity interest in BIAL will decrease from 69.0% at June 30, 2026 to a minimum of 67.5%). If Anchorage does not list by way of an IPO in India by the IPO long-stop date, then OMERS' ownership in Anchorage will remain at its fully-diluted equity interest of 11.5%. The net assets of Anchorage at June 30, 2026 were $1,248,386 (118.2 billion Indian rupees).

9. Income Taxes

The company's provision for income taxes for the three and six months ended June 30 were comprised as follows:

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Current income tax:				
Current year expense	1,833	148	2,131	796
Adjustment to prior years' income taxes	10	(272)	10	(272)
	1,843	(124)	2,141	524
Deferred income tax:				
Origination and reversal of temporary differences	27,947	33,252	3,330	13,462
Provision for income taxes	29,790	33,128	5,471	13,986

The company recorded a provision for deferred income taxes of $27,947 and $3,330 in the second quarter and first six months of 2026 (2025 - $33,252 and $13,462) primarily attributable to net change in unrealized gains on the company’s investments in equity shares acquired or spun out subsequent to April 1, 2017.

Reconciliation of the provision for (recovery of) income taxes calculated at the Canadian statutory income tax rate to the provision for income taxes at the effective tax rate for the three and six months ended June 30 are presented in the following table:

	Second quarter		First six months	
	2026	2025	2026	2025
Canadian statutory income tax rate	26.5 %	26.5 %	26.5 %	26.5 %
Provision for (recovery of) income taxes at the Canadian statutory income tax rate	69,652	82,597	(33,346)	21,486
Tax rate differential on income and losses outside of Canada	(67,769)	(55,072)	(3,359)	(18,656)
Provision (recovery) relating to prior years	10	(272)	10	(272)
Increase in unrecorded tax benefit of losses and temporary differences	22,262	9,105	35,532	14,385
Foreign exchange effect	1,629	(3,485)	2,509	(3,326)
Other including permanent differences	4,006	255	4,125	369
Provision for income taxes	29,790	33,128	5,471	13,986

The tax rate differential on income and losses outside of Canada of $67,769 and $3,359 in the second quarter and first six months of 2026 (2025 - $55,072 and $18,656) principally reflected the impact of net investment gains and losses taxed at lower rates in India and Mauritius compared to the Canadian statutory income tax rate, as well as the effect of a capital loss benefit arising from the disposition of Sanmar common shares during the period.

At June 30, 2026 deferred tax assets of $166,327 in Canada and $23,066 in India (December 31, 2025 - $140,082 in Canada and $23,180 in India) were not recorded as it was considered not probable that those losses could be utilized by the company.

10. Financial Risk Management

Overview

There were no significant changes to the types of the company's risk exposures or the processes used by the company for managing those risk exposures at June 30, 2026 compared to those identified and disclosed in the company's annual consolidated financial statements for the year ended December 31, 2025, except as described below.

Middle East Conflict

On February 28, 2026 a military conflict erupted between the U.S., Israel and Iran. The length, impact, and outcome of this ongoing military conflict is highly unpredictable and could lead to further significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, and trade disputes or trade barriers. The company evaluated the effects, or possible effects, on the company and its Indian Investments arising from the conflict and concluded that there are no significant impacts to operations at this time. Given ongoing global economic uncertainties, evolving market conditions may affect the company's business, financial condition and results of operations.

U.S. Tariffs

The imposition of tariffs by the U.S. and retaliatory measures by other governments may cause multifaceted effects on the economy, and may adversely impact the company and its Indian Investments' operations by causing supply chain disruptions, economic downturn, inflationary pressures, and uncertainty in the capital markets. While the management teams of the company's Indian Investments are taking steps to mitigate any potential negative impact on their respective businesses, given that the developments are ongoing with respect to these tariffs and other measures, their impacts are uncertain and could adversely affect the company's business, financial condition and results of operation.

Market Risk

Market risk, comprised of foreign currency risk, interest rate risk and 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.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument or another asset or liability will fluctuate due to changes in foreign exchange rates and produce an adverse effect on net earnings and equity when measured in Indian rupees, the company's functional currency. There were no significant changes to the company's framework used to monitor, evaluate and manage foreign currency risk at June 30, 2026 compared to December 31, 2025.

Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There were no significant changes to the company's framework used to monitor, evaluate and manage interest rate risk at June 30, 2026 compared to December 31, 2025.

The company's exposure to interest rate risk decreased in the first six months of 2026, principally reflecting the sales of Government of India bonds to fund the 5paisa Rights Offer and other operating requirements. The table that follows displays the potential impact of changes in interest rates on the company's fixed income portfolio based on parallel 200 basis point shifts up and down, in 100 basis point increments, which the company believes to be reasonably possible in the current economic environment. This analysis was performed on each individual security, with the hypothetical effect on net earnings.

	June 30, 2026			December 31, 2025		
	Fair value of fixed income portfolio	Hypothetical $ change effect on net earnings (1)	Hypothetical % change in fair value	Fair value of fixed income portfolio	Hypothetical $ change effect on net earnings (1)	Hypothetical % change in fair value
Change in interest rates						
200 basis point increase	23,531	(718)	(3.5)%	61,964	(2,214)	(4.4)%
100 basis point increase	23,949	(364)	(1.8)%	63,366	(1,124)	(2.2)%
No change	24,379	—	—	64,810	—	—
100 basis point decrease	24,821	374	1.8 %	66,303	1,162	2.3 %
200 basis point decrease	25,276	760	3.7 %	67,841	2,359	4.7 %

(1) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Certain shortcomings are inherent in the method of analysis presented above. Computations of the prospective effects of hypothetical interest rate changes are based on numerous assumptions, including the maintenance of the level and composition of fixed income securities at the indicated date, and should not be relied on as indicative of future results. Actual values may differ from the projections presented should market conditions vary from assumptions used in the calculation of the fair value of individual securities; such variations include non-parallel shifts in the term structure of interest rates and a change in individual issuer credit spreads.

Market Price Fluctuations

Market price fluctuation is the risk that the fair value or future cash flows of an equity investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual investment or its issuer, or other factors affecting all similar investments in the market.

The company's exposure to common stock market price fluctuations decreased to $3,695,975 at June 30, 2026 from $3,972,524 at December 31, 2025. Refer to note 6 for the potential impact on net earnings of various combinations of changes in significant unobservable inputs in the company's internal valuation models for the company's investments classified as Level 3 in the fair value hierarchy.

The company estimates the potential impact on net earnings from a 20% increase or decrease in the fair value of its Public Indian Investments at June 30, 2026 to be a hypothetical increase or decrease in net earnings of $241,262 (December 31, 2025 - increase or decrease in net earnings of $211,681). For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial obligations to the company, and arises predominantly from cash and cash equivalents and investments in debt instruments. There were no significant changes to the company's exposure to credit risk (except as set out in the discussion which follows) or the framework used to monitor, evaluate and manage credit risk at June 30, 2026 compared to December 31, 2025.

Cash and Cash Equivalents

At June 30, 2026 the company's cash and cash equivalents of $32,537 (December 31, 2025 - $8,112) were primarily held in major financial institutions.

Investments in Debt Instruments

At June 30, 2026 the company's debt instruments were all considered to be subject to credit risk with a fair value of $24,379 (December 31, 2025 - $64,810), representing 0.7% (December 31, 2025 - 1.6%) of the total cash and investments portfolio (net of derivative obligation).

The composition of the company's fixed income portfolio is presented in the table below:

	June 30, 2026		December 31, 2025	
	Fair value	**Rating**	**Fair value**	**Rating**
Government of India bonds [(1)]	3,250	Baa3/BBB	42,558	Baa3/BBB
Other Indian Fixed Income	21,129	Not rated	22,252	Not rated
Total bonds	24,379		64,810	

(1) Rated Baa3 by Moody's and BBB by S&P at June 30, 2026 and December 31, 2025.

The company's exposure to credit risk from its investments in fixed income securities decreased at June 30, 2026 compared to December 31, 2025, principally reflecting sales of Government of India bonds to fund the 5paisa Rights Offer and other operating requirements. Except as described above, there were no other significant changes to the composition of the company's fixed income portfolio classified according to each security's respective issuer credit rating at June 30, 2026 compared to December 31, 2025.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. There were no significant changes to the company's exposure to liquidity risk (except as set out in the discussion below) or the framework used to monitor, evaluate and manage liquidity risk at June 30, 2026 compared to December 31, 2025.

The company's known significant commitments over the next twelve months are principally comprised of the Additional IIFL Capital Investment, the third installment payment related to the Additional BIAL Investment, investment and advisory fees, interest expense, purchases of subordinate voting shares for cancellation under the company's automatic share purchase plan, and general and administration expenses. In addition, under the Investment Advisory Agreement (defined in note 11), if a performance fee is payable for the fourth calculation period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares.

At June 30, 2026 the company's payment obligations due beyond one year primarily relate to the recurring nature of expenses described above, and a principal repayment on the Unsecured Senior Notes due in February 2028, which bear interest at a fixed rate of 5.0% per annum, payable in semi-annual installments.

At June 30, 2026, in addition to cash and cash equivalents of $32,537, the company held common shares of Public Indian Investments which carry no selling restrictions with a fair value of $687,248 and Government of India bonds with a fair value of $3,250. The company expects to continue to receive investment income on its holdings of fixed income securities and dividends from its equity investments to supplement its cash and cash equivalents. The company also has the ability to sell a portion of its Indian Investments to supplement its liquidity requirements, by way of private placements or in public markets for its Public Indian Investments, or through private sales or IPOs for its Private Indian Investments. To further augment its liquidity, the company can draw upon its Revolving Credit Facility. Accordingly, the company has adequate working capital to support its ongoing operations.

Concentration Risk

The company's cash and investments are primarily concentrated in India and in Indian businesses or businesses with customers, suppliers or business primarily conducted in, or dependent on, India. The market value of the company's investments, the income generated by the company and the company's performance will be particularly sensitive to changes in the economic condition, interest rates, and regulatory environment in India. Adverse changes to the economic condition, interest rates or regulatory environment in India may have a material adverse effect on the company's business, cash flows, financial condition and net earnings. At June 30, 2026 and December 31, 2025 the company's total cash and investments composition by the issuer's country of domicile was primarily India, and at June 30, 2026 represented 99.3% (December 31, 2025 - 99.9%) of the total cash and investments portfolio (net of derivative obligation).

The company's holdings of Public and Private Indian Investments (see note 5) at June 30, 2026 and December 31, 2025 are summarized by the issuer's primary industry sector in the table below:

	June 30, 2026	December 31, 2025
Infrastructure	2,210,879	2,187,387
Financial services	930,442	1,169,086
Commercial and industrial	364,390	475,924
Ports and shipping	196,964	162,379
	3,702,675	3,994,776

The company's investment limit for an Indian Investment in accordance with the Investment Concentration Restriction (as defined in the company's annual consolidated financial statements for the year ended December 31, 2025) decreased at June 30, 2026 from December 31, 2025 based on the change in its asset base. Indian Investments may be financed through equity or debt offerings as part of the company's objective to reduce its cost of capital and provide returns to common shareholder. At June 30, 2026 the company determined that it was in compliance with the Investment Concentration Restriction.

Capital Management

The company's objectives when managing capital are to protect its lenders, to safeguard its ability to continue as a going concern, and to maintain an optimal capital structure to reduce the cost of capital in order to optimize returns for common shareholders. The company will seek attractive risk-adjusted returns, but will at all times seek downside protection and attempt to minimize the loss of capital. Total capital (comprised of borrowings, common shareholders' equity and non-controlling interests) decreased to $3,441,598 at June 30, 2026 from $3,733,686 at December 31, 2025, principally reflecting a decrease in common shareholders' equity.

Common shareholders' equity decreased to $2,783,739 at June 30, 2026 from $3,079,648 at December 31, 2025 primarily reflecting unrealized foreign currency translation losses attributable to shareholders of $153,156 and a net loss attributable to shareholders of $142,891 during the first six months of 2026. Non-controlling interests increased to $158,728 at June 30, 2026 from $155,168 at December 31, 2025.

11. Related Party Transactions

Payable to Related Parties

The company's payable to related parties (excluding amounts related to Unsecured Senior Notes discussed below) was comprised as follows:

	June 30, 2026	December 31, 2025
Investment and advisory fees	10,384	10,960
	10,384	10,960

Investment Advisory Agreement

The company and its subsidiaries have entered into an agreement with Fairfax and the Portfolio Advisor to provide administration and investment advisory services to the company and its subsidiaries (the "Investment Advisory Agreement"). As compensation for the provision of these services, the company and its subsidiaries pay an investment and advisory fee, and if applicable, a performance fee. Such fees are determined with reference to the company's common shareholders' equity.

Performance Fee

The period from January 1, 2024 to December 31, 2026 (the "fourth calculation period") is the next consecutive three-year period for which a performance fee, if applicable, will be accrued. Under the Investment Advisory Agreement, if a performance fee is payable for the fourth calculation period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the last day of the calculation period.

At June 30, 2026 and December 31, 2025 the company determined that no performance fee accrual was required related to the fourth calculation period. Accordingly, no performance fee was recorded in the consolidated statements of earnings (loss) in the second quarter and first six months of 2026 (2025 - nil both periods).

Investment and Advisory Fees

The investment and advisory fees recorded in the consolidated statements of earnings (loss) for the second quarter and first six months of 2026 were $10,398 and $21,201 (2025 - $10,643 and $20,042).

Unsecured Senior Notes

Fairfax, through its subsidiaries, holds $58,400 of the Unsecured Senior Notes under the same terms as the other participants. Amounts due to related parties related to the Unsecured Senior Notes were comprised as follows:

	June 30, 2026	December 31, 2025
Principal portion, presented within borrowings on the consolidated balance sheet	58,400	58,400
Interest portion, presented within accrued interest expense on the consolidated balance sheet	1,006	1,006
	59,406	59,406

Interest expense recorded in the consolidated statements of earnings (loss) for the second quarter and first six months of 2026 included $730 and $1,460 related to amounts due to related parties (2025 - $730 and $1,460). Refer to note 7 for further details on the Unsecured Senior Notes.

Fairfax's Voting Rights and Equity Interest

At June 30, 2026 and December 31, 2025, Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares and owned and/or exercised control or direction over 28,504,470 subordinate voting shares of Fairfax India. At June 30, 2026 and December 31, 2025, Fairfax's aggregate ownership, control and/or direction of the subordinate voting shares and multiple voting shares represented a 95.3% voting interest and a 43.6% equity interest in Fairfax India.

12. General and Administration Expenses

General and administration expenses for the three and six months ended June 30 were comprised as follows:

	Second quarter		First six months	
	2026	2025	2026	2025
Audit, legal, tax, and professional fees	736	193	1,359	775
Salaries and employee benefit expenses	264	519	997	1,023
Administrative expenses	478	411	975	862
Other (1)	1,728	240	1,819	351
	3,206	1,363	5,150	3,011

(1) Other expenses increased in the second quarter and first six months of 2026 primarily due to bank guarantee fees and other regulatory filing fees incurred in connection with the Additional IIFL Capital Investment.

Index to Management's Discussion and Analysis of Financial Condition and Results of Operations

(Figures and amounts are in US$ and $ thousands except share and per share amounts and as otherwise indicated. Figures may not add due to rounding.)

Notes to Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Readers of the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should review the notes to the interim consolidated financial statements for the three and six months ended June 30, 2026 and the company's 2025 Annual Report.

(2) Unless otherwise noted, consolidated financial information of the company within this MD&A is derived from the consolidated financial statements of the company prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*, and is presented in U.S. dollars with the Indian rupee as the functional currency of the company and its consolidated subsidiaries.

(3) Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in this interim report, which have been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies. Please refer to the Glossary of Non-GAAP and Other Financial Measures located at the end of this MD&A for details of the company's measures.

Business Developments

Overview

Fairfax India Holdings Corporation's ("the company" or "Fairfax India") subordinate voting shares trade on the Toronto Stock Exchange ("TSX") under the symbol FIH.U. The multiple voting shares of the company are not publicly traded. Fairfax Financial Holdings Limited ("Fairfax") is Fairfax India's ultimate parent and acts as its administrator. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Hamblin Watsa Investment Counsel Ltd. (the "Portfolio Advisor"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the province of Ontario, is the portfolio advisor of the company and its consolidated subsidiaries, responsible to source and advise with respect to all investments.

Book Value per Share

Common shareholders' equity at June 30, 2026 was $2,783,739 (December 31, 2025 - $3,079,648). The book value per share at June 30, 2026 was $20.74 compared to $22.94 at December 31, 2025, representing a decrease in the first six months of 2026 of 9.6%, principally reflecting unrealized foreign currency translation losses attributable to shareholders of $153,156 and a net loss attributable to shareholders of $142,891.

	June 30, 2026	**December 31, 2025**
Common shareholders' equity	2,783,739	3,079,648
Number of common shares effectively outstanding	134,218,804	134,218,804
Book value per share	$20.74	$22.94

Summary of Indian Investments

Throughout this MD&A, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed in note 5 (Indian Investments) to the interim consolidated financial statements for the three and six months ended June 30, 2026. Detailed descriptions of the Indian Investments committed to, acquired and sold in the first six months of 2026 are provided in the Indian Investments section of this MD&A.

Track Record

The table below provides a summary of the company's existing and monetized Indian Investments, including their compounded annualized return in U.S. dollars since the company's inception:

		June 30, 2026					
Existing Indian Investments:	**Initial investment date**	**Ownership %**	**Cash consideration (1)**	**Fair value**	**Net change**	**Cumulative interest and dividends (2)**	**Compounded annualized return (3)**
Public Indian Investments:							
Common stocks:							
IIFL Finance (4)	December 2015	15.2 %	101,118	344,385	243,267	21,536	16.3 % *
IIFL Capital (4)	December 2015	27.0 %	51,055	302,097	251,042	22,699	20.4 % *
5paisa (4)	December 2015	24.5 %	28,923	43,257	14,334	—	8.2 % *
Fairchem Organics (5)	February 2016	57.2 %	34,203	50,829	16,626	3,350	6.6 %
CSB Bank	October 2018	40.0 %	136,348	248,777	112,429	—	8.6 %
IIFL Capital forward derivative (4)	N/A	—	—	(14,429)	(14,429)	—	N/A *
			351,647	974,916	623,269	47,585	14.5 %
Private Indian Investments:							
Common stocks:							
NCML	August 2015	91.0 %	188,288	40,233	(148,055)	823	(14.0)%
BIAL (6)	March 2017	74.0 %	1,157,982	2,210,879	1,052,897	12,329	10.4 %
IH Fund (7)	January 2019	—	9,872	6,355	(3,517)	6,273	3.0 %
Seven Islands	March 2019	48.5 %	83,846	196,964	113,118	70,355	18.3 %
Maxop	November 2021	67.0 %	51,448	99,153	47,705	—	16.6 %
Jaynix	February 2022	70.0 %	32,504	59,000	26,496	11,859	19.8 %
Global Aluminium	October 2024	65.0 %	82,729	94,046	11,317	—	7.7 %
Other Indian Fixed Income	November 2023	—	24,013	21,129	(2,884)	687	(3.6)%
			1,630,682	2,727,759	1,097,077	102,326	8.6 %
Total existing Indian Investments			1,982,329	3,702,675	1,720,346	149,911	10.1 %

Monetized Indian Investments:	**Initial investment date**	**Last sale date**	**Cash consideration (1)**	**Cash proceeds (1)**	**Cash proceeds less cash consideration**	**Cumulative interest and dividends (2)**	**Compounded annualized return (3)**
Partially monetized (8):							
CSB Bank	October 2018	June 2024	33,144	71,298	38,154	—	15.5 %
IIFL Finance (4)	December 2015	December 2023	35,711	177,324	141,613	7,467	24.9 % *
Fairchem Organics (5)	February 2016	February 2022	7,787	45,585	37,798	86	49.7 %
			76,642	294,207	217,565	7,553	25.5 %
Fully monetized:							
Sanmar (9)	April 2016	April 2026	516,112	460,637	(55,475)	—	(5.1)%
Saurashtra	February 2017	November 2025	30,018	74,623	44,605	16,581	14.2 %
Other Indian Fixed Income	November 2021	February 2025	7,395	7,547	152	1,077	5.1 %
Other Public Indian Investments	March 2018	July 2024	182,148	286,033	103,885	9,326	27.7 %
NSE	July 2016	April 2024	26,783	188,948	162,165	15,048	32.8 %
360 ONE (4)	December 2015	May 2023	107,044	243,465	136,421	40,492	16.7 % *
Privi Speciality (5)	August 2016	April 2021	54,975	164,895	109,920	1,985	27.1 %
			924,475	1,426,148	501,673	84,509	13.3 %
Total monetized Indian Investments			1,001,117	1,720,355	719,238	92,062	15.1 %
** Aggregate: IIFL Finance, IIFL Capital, IIFL Capital forward derivative, 5paisa and 360 ONE*							*18.3 %*

(1) Cash consideration and cash proceeds reflect U.S. dollar amounts translated from Indian rupees at foreign currency exchange rates at time of purchase or sale.

(2) Cumulative interest and dividends is comprised of interest and dividend income recorded and received over the period of the company's investment. Cumulative interest and dividends for Jaynix includes dividend income of $3,762 declared on June 30, 2026 and subsequently received on July 2, 2026.

(3) Compounded annualized return reflects the U.S. dollar annualized internal rate of return calculated for each of the company’s existing and monetized Indian Investments, taking into account (i) the timing of cash flows (including cash consideration of purchases, cash proceeds on sales, cumulative interest and dividends received, and return of capital distributions) over the period of the company’s investment, and (ii) the fair value at the end of the reporting period for existing Indian Investments.

(4) In December 2015 and February 2017 the company acquired common shares of IIFL Holdings Limited ("IIFL Holdings") for aggregate cash consideration of $276,734. In October 2017 IIFL Holdings spun off its wholly-owned subsidiary, 5paisa, and in May 2019, also spun off its wholly-owned subsidiaries IIFL Capital and 360 ONE WAM Limited ("360 ONE"), and renamed the remaining business to IIFL Finance. As a result, the initial cash consideration of $276,734 paid for IIFL Holdings and cumulative interest and dividends have been allocated to each of the spun-off entities based on their respective fair values at the dates of spin off. Cash consideration also includes cash paid for purchases subsequent to spin offs. Compounded annualized return for IIFL Capital incorporates the impact of the IIFL Capital forward derivative.

(5) Cash consideration for Fairchem Organics and Privi Speciality Chemicals Limited ("Privi Speciality") reflects the company's initial cash consideration for Fairchem Speciality Limited and Privi Organics Limited, respectively, prior to their merger in 2017 and demerger in 2020. Cash consideration for Fairchem Organics also includes cash paid for purchases subsequent to the demerger.

(6) Cash consideration for BIAL includes remaining deferred consideration of $76,500 to be paid in the third quarter of 2026.

(7) Cash consideration for IH Fund reflects the company's initial cash consideration less return of capital distributions received in cash.

(8) On partially monetized investments, cash consideration and cumulative interest and dividends reflect amounts proportionate to shares sold.

(9) Comprised of Sanmar common stock (sold in April 2026) and Sanmar bonds (matured in December 2019). Cash proceeds for Sanmar bonds reflect the bonds' total principal and interest.

Operating Environment

Global Economic Environment

According to the World Economic Outlook Update (July 2026) published by the International Monetary Fund ("IMF"), global growth is projected at 3.0% for 2026 and 3.4% in 2027 (2026 revised down from 3.1% and 2027 revised up from 3.2% since the April 2026 update). The modest slowdown in growth for 2026 reflects the continued effects of the conflict in the Middle East, partially offset by accelerated momentum in the global technology cycle due to advances in artificial intelligence ("AI") and its adoption. Impacts varied widely depending on countries' exposure to the conflict and their position in the technology value chain, with net energy-importing economies that had limited integration into the technology sector among the least advantaged.

Global inflation is projected to increase primarily driven by higher energy and food prices, with headline inflation increasing from 4.1% in 2025 to 4.7% for 2026, before falling to 3.9% in 2027. This marks a reversal of the steady decline in inflation that has been underway since early 2024. AI-related investments and productivity gains remain the most promising sources of upside gains, partially offset by the risk of a re-evaluation of profit expectations, which could lead to a decline in investment and a correction in financial markets. Additional upside potential may arise from renewed collaborative efforts to reduce trade barriers, as well as from structural reforms that support stronger medium term economic growth, however, evolving tariff policies remain a source of uncertainty that could constrain trade activity and temper these gains.

Indian Economy

According to latest data released by the Government of India, India's GDP growth is projected at 6.6% for fiscal year 2027, which is subdued compared to the 7.7% growth estimated for fiscal year 2026. Heightened volatility in global financial markets, prolonged supply chain disruptions and weather-related shocks may impact momentum in the near term. The risk of rising inflation is now elevated due to this prolonged increase in energy prices, although headline inflation in India is still expected to remain within the target range, at around 5.1% for fiscal year 2027. Sustained momentum in services, the previously implemented GST rationalization, and broadly stable employment conditions should continue to support urban consumption. In the July 2026 World Economic Outlook Update, the IMF estimated India's GDP growth to be 6.4% for fiscal year 2027, supported by strong momentum in private consumption and services, which will help offset adverse impacts of the Middle East conflict.

The Reserve Bank of India ("RBI") maintained its benchmark rate at 5.25% during its latest monetary policy meeting in June 2026. Supply chain disruptions and declining oil reserves driven by geopolitical conflicts pose significant downside risks to the growth outlook, however, domestic demand remains resilient and both the manufacturing and services sectors continue to expand. Despite the elevated risk of higher inflation, the RBI considers it prudent to monitor the environment and await further clarity. As such, the RBI maintained its monetary policy stance at 'neutral'.

Indian Market Indices and Foreign Exchange Rate

Global equity markets performed well during the second quarter of 2026. A temporary ceasefire in Iran reached through a memorandum of understanding with the U.S. helped mitigate persistent uncertainty during the quarter, although the subsequent breakdown and re-escalation of the conflict has reignited concerns. Strong returns were largely driven by declining oil prices and strength in the semiconductor sector. Performance across emerging markets was mixed, however, reflecting differing degrees of exposure to the semiconductor sector. India underperformed relative to other emerging markets, as higher energy import costs continued to weigh on its outlook.

The U.S. dollar S&P BSE Sensex decreased by 14.6% in the first six months of 2026 primarily reflecting increased market uncertainty arising from the conflict in the Middle East. However, market conditions improved during the second quarter, contributing to a partial recovery as uncertainty began to show signs of easing. The Indian rupee weakened against the U.S. dollar, reflecting depreciation of 5.0% in the first six months of 2026.

Consistent with the performance of the U.S. dollar S&P BSE Sensex, the fair values of the company's publicly traded Indian Investments experienced elevated volatility in the first six months of 2026, with some recovery during the second quarter of 2026. In line with the depreciation of the Indian rupee in the first six months of 2026, the company recorded unrealized foreign currency translation losses as the company's net assets and net earnings are primarily denominated in Indian rupees.

The company's Indian Investments face varying degrees of impact in response to changes in the global economic environment. Further discussion specific to each Indian Investment, including potential impacts related to U.S. tariffs and the conflict in the Middle East, are included in the Indian Investments section under the respective heading of each Indian Investment of this MD&A.

Business Objectives

Investment Objective

Fairfax India is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India ("Indian Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage, a consolidated subsidiary of FIH Mauritius based in India.

Investment Restrictions

There have been no changes in the first six months of 2026 to the company's investment restrictions. At June 30, 2026 the company determined that it was in compliance with the Investment Concentration Restriction as defined in the company's 2025 Annual Report.

Indian Investments

Cautionary Statement Regarding Financial Information of Significant Indian Investments

Fairfax India has agreed to voluntarily provide within the MD&A, summarized financial information prepared in accordance with recognition, measurement and presentation principles consistent with IFRS Accounting Standards for Indian Investments for which it had previously filed a business acquisition report in accordance with section 8.2 of National Instrument 51-102 *Continuous Disclosure Obligations.* IIFL Finance Limited, IIFL Capital Services Limited, Bangalore International Airport Limited and CSB Bank Limited (collectively, "Significant Indian Investments"), prepare their financial statements in accordance with Indian Accounting Standards ("Ind AS"), with the exception of the financial statements of CSB Bank, which are prepared in accordance with Indian Generally Accepted Accounting Principles ("Indian GAAP") as a result of the RBI's decision to defer implementation of Ind AS for scheduled commercial banks until further notice. Ind AS are based on and substantially converged with IFRS Accounting Standards. Fairfax India is limited with respect to the amount of independent verification it is able to perform on the Significant Indian Investments' financial statements. The summarized financial information contained in this MD&A was prepared exclusively for Fairfax India. Such financial information is the responsibility of the respective management teams and has been prepared by them using recognition, measurement and presentation principles consistent with IFRS Accounting Standards, and provided to the company in Indian rupees.

The company's Significant Indian Investments' fiscal years each end on March 31. Summarized financial information of the company's Significant Indian Investments has generally been provided for the periods subsequent to the company's investment and to the extent that the most recent interim financial information is available to the company's management. Significant Indian Investments' summarized financial information should be read in conjunction with Fairfax India's historical consolidated financial statements including the notes thereto and the related MD&A as well as Fairfax India's other public filings.

Fairfax India has no knowledge that would indicate that the Significant Indian Investments' summarized financial information contained herein requires material modifications. However, readers are cautioned that the Significant Indian Investments' summarized financial information contained in this MD&A may not be appropriate for their purposes.

Public Indian Investments

The fair values of Fairfax India's Public Indian Investments, with shares listed on both the BSE and the National Stock Exchange of India ("NSE of India"), are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

The changes in fair value of the company's Public Indian Investments for the second quarters and first six months of 2026 and 2025 are presented in the tables disclosed in note 5 (Indian Investments) to the interim consolidated financial statements.

Investment in IIFL Finance Limited

Business Overview

IIFL Finance Limited ("IIFL Finance") is a publicly traded retail-focused non-bank financial company ("NBFC") located in Mumbai, India that offers diversified loan products, including home loans, gold loans, micro, small and medium enterprise loans and microfinance loans, in addition to its non-core segments of loans for construction and real estate finance, and capital market finance.

Key Business Drivers, Events and Risks

IIFL Finance's key business drivers include its access to well-diversified sources of funds, a diversified asset portfolio with a strategic focus on households, and its extensive network of physical branches and various digital channels, which enable it to deliver credit to underserved segments and underpenetrated geographical areas in India. At June 30, 2026 IIFL Finance had over 4,900 branches across India, making it one of the largest retail focused non-banking financial companies.

The NBFC sector continues to benefit from strong credit demand in India, alongside an increasing focus on asset quality, capital efficiency, and sustainable growth, further reinforced by tighter regulatory oversight and improved risk discipline. Consistent with these industry dynamics, IIFL Finance's strategy is aimed at delivering resilient, capital-efficient growth through a greater emphasis on secured lending, leveraging its extensive distribution network, and deepening strategic partnerships with banks and fintech institutions. This strategy is underpinned by IIFL Finance's experienced management team, a technology-driven operating model, and its commitment to maintaining a strong risk and compliance framework through multi-layered monitoring and robust controls.

At June 30, 2026 IIFL Finance had assets under management ("AUM") of approximately $12.2 billion (1,155 billion Indian rupees) (December 31, 2025 - $10.9 billion (983 billion Indian rupees)), comprised of gold loans (51%), home loans (29%), micro, small and medium enterprise loans (9%), and microfinance (8%), with the remainder relating to non-core and discontinued segments. Consistent with its strategy of maintaining a resilient, capital-efficient portfolio, IIFL Finance continues to optimize and rebalance its portfolio toward secured lending, and scaling back exposure to higher-risk segments. IIFL Finance's well-diversified asset portfolio is predominantly retail in nature with small loan ticket sizes, mitigating the risk of asset concentration and exposure to cyclical movements.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2026 the fair value of the company's investment in IIFL Finance was $344,385 (December 31, 2025 - $438,146) comprised of 64,552,521 common shares representing a 15.2% equity interest (December 31, 2025 - 15.2%). IIFL Finance's share price decreased by 17.2% from 610.05 Indian rupees per share at December 31, 2025 to 505.00 Indian rupees per share at June 30, 2026.

In the second quarter and first six months of 2026 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Finance of nil and $2,820 (2025 - nil both periods).

IIFL Finance's Summarized Financial Information

IIFL Finance's fiscal year ends on March 31. Summarized below are IIFL Finance's balance sheets at March 31, 2026 and March 31, 2025.

Balance Sheets
(unaudited - US$ thousands)

	March 31, 2026(1)	March 31, 2025(1)(2)
Financial assets	9,121,735	7,639,273
Non-financial assets	267,851	274,873
Financial liabilities	7,689,486	6,239,639
Non-financial liabilities	53,363	41,822
Total equity	1,646,737	1,632,685

(1) The net assets of IIFL Finance were translated at March 31, 2026 at $1 U.S. dollar = 94.85 Indian rupees and at March 31, 2025 at $1 U.S. dollar = 85.47 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

(2) Certain prior period comparative figures have been restated for comparability to be consistent with current period's presentation.

Financial assets increased principally reflecting growth in the loan portfolio and investments, combined with higher cash balances. Non-financial assets in U.S. dollars decreased principally due to the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period and lower deferred tax assets, partially offset by increases in prepaid expenses and other advances. Financial liabilities increased primarily reflecting net proceeds from borrowings and debt securities, in addition to higher payables principally related to IIFL Finance's assigned and securitized loan portfolio. Non-financial liabilities increased primarily due to higher tax liabilities and provisions.

Summarized below are IIFL Finance's statements of earnings for the years ended March 31, 2026 and 2025.

Statements of Earnings
(unaudited - US$ thousands)

	Year ended March 31, 2026[(1)]	Year ended March 31, 2025[(1)]
Revenue	1,514,344	1,211,165
Earnings before income taxes	272,728	83,648
Net earnings	205,708	68,403

(1) Amounts for the years ended March 31, 2026 and 2025 were translated using the average exchange rates of \$1 U.S. dollar = 88.31 Indian rupees and \$1 U.S. dollar = 84.52 Indian rupees prevailing during those periods.

Revenue increased primarily as a result of higher interest income driven by AUM growth, combined with net gains on derecognition of financial instruments compared to net losses in the prior period. Earnings before income taxes and net earnings increased primarily reflecting higher revenue, and the impact of a provision of approximately \$69 million (5.9 billion Indian rupees) recorded in the prior period related to the restructuring of certain assets. This was partially offset by higher finance costs and operating expenses associated with growth in the lending portfolio and branch network, as well as increased tax expenses consistent with higher pre-tax earnings.

Investment in IIFL Capital Services Limited

Business Overview

IIFL Capital Services Limited ("IIFL Capital") is a publicly traded independent full-service retail and institutional brokerage and investment advisory firm located in Mumbai, India, providing diversified financial services which include broking services, wealth management, financial products distribution, institutional research and investment banking services.

Key Business Drivers, Events and Risks

IIFL Capital is a key player in both retail and institutional segments of the capital market, with a wide distribution network of over 2,600 external wealth managers and over 100 branches across India. IIFL Capital's current growth strategy involves the transformation of its legacy execution-focused platform into a comprehensive wealth management platform with a focus on the affluent segment, while leveraging its market-leading institutional broking and investment banking franchises. As the wealth management business gains momentum, IIFL Capital expects its revenue profile to diversify further and recalibrate towards a higher share of recurring revenue, thereby reducing the risk of market-related volatility. IIFL Capital's significant presence across its investment banking and institutional broking businesses is expected to offer synergies through the wide customer base of diverse investors, shared market intelligence, and strong capabilities in research and execution.

At June 30, 2026 IIFL Capital's non-institutional business segment had AUM of approximately \$27.2 billion (2,571 billion Indian rupees) (December 31, 2025 - \$29.0 billion (2,606 billion Indian rupees)). IIFL Capital's institutional broking franchise business provides comprehensive research coverage for over 315 stocks in more than 20 sectors, accounting for over 68% of India's market capitalization. The investment banking business continues to have a strong deal pipeline despite recent volatility across capital markets, completing 20 transactions during the first six months of 2026.

On May 7, 2026 Fairfax India, through FIH Mauritius, entered into an investment agreement with IIFL Capital and its existing promoters to increase its equity interest in IIFL Capital through a combination of transactions (collectively, "Additional IIFL Capital Investment"). Upon completion of the transactions, Fairfax India's ownership interest, together with an affiliate, is expected to increase to at least 51.0% on a fully-diluted basis ("Target IIFL Capital Shareholding").

The Additional IIFL Capital Investment consists of a preferential issuance of equity shares of IIFL Capital, a related regulatory-mandated open offer ("IIFL Capital Open Offer"), and to the extent the Target IIFL Capital Shareholding is not met, a secondary acquisition of shares from existing shareholders. The transactions each have an underlying price of 350.00 Indian rupees per share. The preferential issuance represents a capital infusion of approximately \$212 million (20 billion Indian rupees) into IIFL Capital and is expected to strengthen its capital base and support growth initiatives.

Valuation and Interim Consolidated Financial Statement Impact

In accordance with Indian regulations, Fairfax India was required to announce an open offer to existing IIFL Capital shareholders for the acquisition of up to 100,144,112 common shares of IIFL Capital. The company was also required to deposit cash of 350.5 million Indian rupees ($3,703 at period end exchange rates) into an escrow account, and obtain a bank guarantee for 4,255.0 million Indian rupees ($44,951 at period end exchange rates) in support of the IIFL Capital Open Offer. The escrow deposit is classified as restricted cash within the consolidated balance sheet.

Subject to the results of the IIFL Capital Open Offer, the aggregate consideration for the Additional IIFL Capital Investment is estimated at approximately $417 million (39.3 billion Indian rupees), representing the anticipated share purchase required to achieve the Target IIFL Capital Shareholding. The transaction remains subject to regulatory approvals, third party consents, completion of the IIFL Capital Open Offer and other customary closing conditions, and is expected to close in stages commencing in the fourth quarter of 2026.

At June 30, 2026 the fair value of the company's investment in IIFL Capital was $302,097 (December 31, 2025 - $341,610) comprised of 84,641,445 common shares representing a 27.0% equity interest (December 31, 2025 - 27.2%). IIFL Capital's share price decreased by 6.9% from 362.75 Indian rupees per share at December 31, 2025 to 337.85 Indian rupees per share at June 30, 2026.

Due to regulatory requirements related to the Additional IIFL Capital Investment, the company's existing investment of 84,641,445 common shares of IIFL Capital is subject to selling restrictions until May 7, 2027. In addition, the company's commitment to acquire additional shares under the investment agreement gave rise to a forward purchase derivative ("IIFL Capital forward derivative"), which was recorded as a derivative obligation with a fair value of $14,429 at June 30, 2026.

In the second quarter and first six months of 2026 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Capital of nil and $2,774 (2025 - nil and $2,932).

IIFL Capital's Summarized Financial Information

IIFL Capital's fiscal year ends on March 31. Summarized below are IIFL Capital's balance sheets at March 31, 2026 and March 31, 2025.

Balance Sheets
(unaudited - US$ thousands)

	March 31, 2026[1]	March 31, 2025[1]
Financial assets	951,756	866,780
Non-financial assets	55,950	64,027
Financial liabilities	673,996	623,202
Non-financial liabilities	9,924	13,944
Total equity	323,786	293,661

(1) The net assets of IIFL Capital were translated at March 31, 2026 at $1 U.S. dollar = 94.85 Indian rupees and at March 31, 2025 at $1 U.S. dollar = 85.47 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets increased principally reflecting an increase in fixed deposits pledged to meet stock exchange margin requirements and higher margin lending receivables. Non-financial assets decreased primarily due to net sales of properties during the year, partially offset by an increase in capital advances and current tax assets. Financial liabilities increased primarily reflecting net proceeds from debt securities and borrowings. Non-financial liabilities decreased primarily due to a decrease in statutory dues and advances from customers.

Summarized below are IIFL Capital's statements of earnings for the years ended March 31, 2026 and 2025.

Statements of Earnings
(unaudited - US$ thousands)

	Year ended March 31, 2026(1)	Year ended March 31, 2025(1)
Revenue	294,754	303,757
Earnings before income taxes	85,636	109,390
Net earnings	63,822	84,342

(1) Amounts for the years ended March 31, 2026 and 2025 were translated using the average exchange rates of $1 U.S. dollar = 88.31 Indian rupees and $1 U.S. dollar = 84.52 Indian rupees prevailing during those periods.

Revenue in U.S. dollars decreased principally due to the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period, partially offset by higher gains on sales of properties and increased interest income. Although retail brokerage income declined over the prior year, principally due to impact from regulatory changes implemented since December 2024, this decline was offset by higher revenues from the institutional brokerage, investment banking, and financial product distribution segments. Earnings before income taxes decreased primarily due to higher personnel and administrative expenses principally associated with investments to support the growth of the new wealth management business, as well as higher fee and commission expenses. Net earnings in the current year was additionally impacted by a tax adjustment related to prior years from incremental taxes paid in connection with an ongoing tax assessment, partially offset by lower current tax expenses.

Investment in CSB Bank Limited

Business Overview

CSB Bank Limited ("CSB Bank") is a publicly traded company located in Thrissur, India, established in 1920 and is a full-service bank offering retail banking, non-resident Indian banking services, business lending group ("BLG") and wholesale banking services through 868 branches and 835 automated teller machines across India.

Key Business Drivers, Events and Risks

CSB Bank's key business drivers relate to its ability to provide financial services in India, particularly in the areas of retail, BLG, gold and corporate lending and to mobilize low cost deposits in the form of current accounts, savings accounts and non-resident Indian deposits. CSB Bank's vision is to transition from a small bank to mid-sized bank by fiscal year 2030 ("Sustain Build and Scale", or "SBS 2030"), by focusing on the following pillars: (i) governance; (ii) human capital; (iii) technology; (iv) customer service; and (v) compliance. As part of its 2030 vision, CSB Bank also aims to leverage its universal banking license and expand its services in the non-gold loan portfolio. During the "Sustain" and "Build" phases, CSB Bank diversified and enhanced its product portfolio, maintained a strategic emphasis on its gold loan segment, and successfully transitioned to its new centralized banking system which will enable consistent service and accelerate growth. CSB Bank has now embarked on the "Scale" phase during fiscal year 2027 with a focus on retail growth by further enhancing its product suite to cater to diverse customer segments, while delivering sustained value creation. Additionally, CSB Bank has substantially implemented its loan management and origination systems and is leveraging enhanced technology to ensure seamless processes, well-customized products and a superior digital experience. These initiatives are expected to translate to improved customer experience and acquisition rates, together with generating sustainable deposit growth.

CSB Bank emphasizes a balance between advances and deposits, both of which demonstrated growth that outpaced industry trends during 2025. At June 30, 2026 CSB Bank reported gross loans and advances of $4.3 billion (409 billion Indian rupees) (December 31, 2025 - $4.1 billion (372 billion Indian rupees)) comprised of gold loans (54%), wholesale loans (26%), BLG loans (11%) retail loans (9%), and deposits of $4.8 billion (454 billion Indian rupees) (December 31, 2025 - $4.5 billion (405 billion Indian rupees)), of which 19% was comprised of lower cost, current and savings accounts. While gold loans continue to drive growth, CSB Bank aims to strengthen its BLG, wholesale and retail lending segments.

Banks in India are highly regulated by the RBI including specific regulations on shareholder voting rights, shareholdings and board representation. The company is subject to a dilution schedule from the RBI, requiring the company to bring down its shareholding in CSB Bank to 30.0% within 10 years and 26.0% within 15 years of the investment completion date of August 7, 2019.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2026 the fair value of the company's investment in CSB Bank was $248,777 (December 31, 2025 - $353,575) comprised of 69,394,331 common shares representing a 40.0% equity interest (December 31, 2025 - 40.0%). CSB Bank's share price decreased by 25.9% from 457.95 Indian rupees per share at December 31, 2025 to 339.35 Indian rupees per share at June 30, 2026.

CSB Bank's Summarized Financial Information

CSB Bank's fiscal year ends on March 31. Summarized below are CSB Bank's balance sheets at March 31, 2026 and March 31, 2025.

Balance Sheets
(unaudited - US$ thousands)

	March 31, 2026(1)	March 31, 2025(1)
Financial assets	6,028,294	5,514,085
Non-financial assets	163,763	142,805
Financial liabilities	5,685,721	5,141,012
Non-financial liabilities	10,294	7,379
Shareholders' equity	496,042	508,499

(1) The net assets of CSB Bank were translated at March 31, 2026 at $1 U.S. dollar = 94.85 Indian rupees and at March 31, 2025 at $1 U.S. dollar = 85.47 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets increased primarily due to increased loans and advances to customers. Non-financial assets increased primarily due to intangible asset additions related to software purchases. Financial liabilities increased primarily due to higher deposits and net proceeds from borrowings. Non-financial liabilities increased primarily due to an increase in deferred revenue and other provisions. Shareholders' equity in U.S. dollars decreased principally due to the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period, partially offset by net earnings during the period.

Summarized below are CSB Bank's statements of earnings for the years ended March 31, 2026 and 2025.

Statements of Earnings
(unaudited - US$ thousands)

	Year ended March 31, 2026(1)	Year ended March 31, 2025(1)(2)
Revenue	337,189	279,583
Earnings before income taxes	83,436	94,640
Net earnings	62,095	70,347

(1) Amounts for the years ended March 31, 2026 and 2025 were translated using the average exchange rates of $1 U.S. dollar = 88.31 Indian rupees and $1 U.S. dollar = 84.52 Indian rupees prevailing during those periods.
(2) Certain prior period comparative figures have been restated for comparability to be consistent with current period's presentation.

Revenue increased primarily due to higher net interest income principally reflecting increased lending activity and growth in loans and advances, and higher net fee and commission income. Earnings before income taxes and net earnings decreased primarily as a result of higher impairment losses on financial assets and increased personnel expenses, partially offset by increased revenue as described above.

Investment in Fairchem Organics Limited

Business Overview

Fairchem Organics Limited ("Fairchem Organics") is a publicly traded specialty chemical manufacturer located in Ahmedabad, India. Fairchem Organics manufactures oleochemicals used in the paints, inks, adhesives, lubricants and cosmetics industries, as well as intermediate neutraceutical and health products. It has developed an in-house technology that uses machinery designed and manufactured by leading European companies to physically separate and convert waste generated during the production of soya, sunflower and corn oils into valuable neutraceutical and fatty acids.

Key Business Drivers, Events and Risks

Fairchem Organics' key business drivers relate to the success of its oleochemicals business and vertical integration into value added products, such as fatty acids and natural vitamin E. As environmental concerns have increased, the demand for sustainable and biodegradable oleochemicals used in lubricants, paper printing, paints and coatings, and animals feed industries experienced strong growth in recent years.

The close proximity to raw materials available in Asia (India, Malaysia and Indonesia) has resulted in a shift of oleochemical production away from the U.S. and Europe. As India is one of the largest consumers of soft oils, the easy access to raw materials and lower costs, combined with efficient manufacturing processes and strong customer and supplier relationships have provided Fairchem Organics with certain competitive advantages over its international peers. Fairchem Organics also has little or no direct competition for some of its products and is recognized for the superior quality of its products. These competitive advantages continue to be maintained through research and development aimed at improving product yield, and optimizing manufacturing processes while ensuring quality.

Fairchem Organics' current growth initiatives include investing in the development of new value-added oleochemical products through forward integration processes and introduction of new raw materials, increasing capacity, and enhancing its customer base by diversifying into new geographical markets and creating new applications for its prime products. Fairchem Organics expects significant growth in the application of its new high-grade isostearic product in the cosmetics industry as certifications have been received and trials by international consumers have been completed.

The closure of a U.S. dimer acid manufacturing facility in 2025, along with lower imports from China, have improved market conditions in India, leading to stronger demand and improved pricing realizations for Fairchem Organics' products. Furthermore, competitive pricing for exports is expected to improve in the near term as a result of the reduction in the tariffs imposed by the U.S. on Indian goods, in addition to the free trade agreements with the United Kingdom and European Union.

Valuation and Interim Consolidated Financial Statement Impact

In January 2026, Fairchem Organics completed a share buyback from its shareholders, resulting in the purchase for cancellation of 425,000 shares for approximately $3.7 million (340 million Indian rupees). The company did not tender any shares and as a result, its equity interest in Fairchem Organics increased from 55.3% to 57.2%.

At June 30, 2026 the fair value of the company's investment in Fairchem Organics was $50,829 (December 31, 2025 - $57,971) comprised of 7,202,656 common shares representing a 57.2% equity interest (December 31, 2025 - 55.3%). Fairchem Organics' share price decreased by 7.7% from 723.40 Indian rupees per share at December 31, 2025 to 668.00 Indian rupees per share at June 30, 2026.

Investment in 5paisa Capital Limited

Business Overview

5paisa Capital Limited ("5paisa") is a publicly traded online financial services provider located in Mumbai, India with a "do-it-yourself" investment brokerage model that allows customers to execute investment transactions for low brokerage fees. 5paisa is primarily engaged in providing a technology platform through online and mobile applications for trading securities on the BSE and NSE of India.

Key Business Drivers, Events and Risks

5paisa's key business driver relates to its ability to provide digital investment and lending solutions, a relatively newer segment with the potential to achieve critical mass in the near future with the spread of the Internet, mobile penetration, telecommunication and data services throughout India. 5paisa's services are targeted towards retail investors and high volume traders who actively invest and trade in securities markets, and seek "do-it-yourself" services at a low cost. 5paisa remains focused on innovation, driven by an understanding of customer behaviour, and constantly strives to achieve technological superiority through the developments of its robust trading platform, advanced mobile app, its AI powered robo-advisory platform, and the paperless account opening process.

The Indian capital markets have experienced some volatility, reflecting the effects of past regulatory changes and recent macroeconomic uncertainty stemming from the conflict in the Middle East and other geopolitical developments. However, the outlook for AI and other emerging technologies is encouraging, and India's domestic investor base continues to demonstrate strong demand. To capitalize on these trends, 5paisa continues to enhance its overall digital wealth management ecosystem by expanding financing solutions, further integrating AI, and improving access to a broader range of investment products. As part of these efforts, in June 2026 5paisa launched AlgoSpace, a new algorithmic trading platform aimed at enhancing the investor experience by simplifying the evaluation and execution of automated trading strategies. Such initiatives position the company to align with evolving investor preferences, support its long term growth objectives, and demonstrate its commitment to innovation.

At June 30, 2026 the 5paisa mobile application reached 23.8 million users and its total customer base comprised 5.3 million users. During the second quarter of 2026, approximately 97% of customer acquisitions were attributed to customers onboarded to the digital platform without intervention or assistance. 5paisa continues to focus on investing in new technologies to elevate the trading experience, improving the quality of customer acquisitions, as well as strengthening revenue and optimizing costs.

On March 11, 2026 5paisa announced a rights offering for existing shareholders to participate in a common share issuance on a pro rata basis of 1 newly issued equity share for every 2 equity shares held, at a price of 300.00 Indian rupees per share ("5paisa Rights

Offer"). The 5paisa Rights Offer was completed in April 2026 and raised aggregate proceeds of approximately $50 million (4.7 billion Indian rupees), which were predominantly used to strengthen the capital base of 5paisa and for repayment of borrowings.

Valuation and Interim Consolidated Financial Statement Impact

In connection with the 5paisa Rights Offer, on April 15, 2026 the company acquired 3,835,065 equity shares of 5paisa for cash consideration of $12,320 (1.2 billion Indian rupees).

At June 30, 2026 the fair value of the company's investment in 5paisa was $43,257 (December 31, 2025 - $28,759) comprised of 11,505,195 common shares representing a 24.5% equity interest (December 31, 2025 - 7,670,130 common shares representing a 24.6% equity interest). 5paisa's share price increased by 5.6% from 337.00 Indian rupees per share at December 31, 2025 to 355.90 Indian rupees per share at June 30, 2026.

Private Indian Investments

Cautionary Statement Regarding the Valuation of Private Indian Investments

In the absence of an active market for the company's Private Indian Investments, fair values for these investments are determined by management using industry acceptable valuation methodologies after considering the history and nature of the business, operating results and financial conditions, outlook and prospects, general economic, industry and market conditions, contractual rights relating to the investment, public market comparables (if available) and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which the company's Private Indian Investments could be disposed of may differ from the fair values assigned and those differences may be material.

The changes in fair value of the company's Private Indian Investments for the second quarters and first six months of 2026 and 2025, including details on valuation methodologies and current model assumptions are discussed in note 5 (Indian Investments) to the interim consolidated financial statements.

Investment in Bangalore International Airport Limited

Business Overview

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership. KIAB is the first greenfield airport in India built to the highest level of international standards through a public-private partnership. BIAL's principal lines of business are aeronautical and non-aeronautical revenue from the airport, real estate monetization and other non-airport related revenue, which includes a five-star hotel operated under the Taj brand and the operation of domestic and international lounge services at KIAB's Terminal 2.

Key Business Drivers, Events and Risks

KIAB is the busiest airport in South India, and the third largest in the country. The airport handled domestic passenger traffic of 19.1 million and international passenger traffic of 3.5 million during the first six months of 2026, representing year over year growth of 2.7% and 4.6%, respectively. Domestic passenger traffic continued to demonstrate resilience, supported by increased capacity, improved connectivity, and sustained demand across key routes. International passenger traffic growth moderated over the second quarter of 2026 primarily due to geopolitical uncertainties, including ongoing tensions in the Middle East, which contributed to higher fuel costs and weighed on travel demand and airline operations. However, the overall impact to BIAL is mitigated by the tariff-setting mechanism (designed to generate a regulated return) and healthy coverage metrics. BIAL entered its fourth control period (from April 1, 2026 to March 31, 2031) and is awaiting regulatory approval of its tariff order application which is expected in the third quarter of 2026.

In anticipation of long term growth in passenger and air traffic, BIAL's current airport infrastructure expansion plan focuses on enhancing accessibility and optimizing existing airport operations. Such plans include new airport metro stations, upgrades to existing terminals, additional airplane taxiways, and new tunnels, connectors and walkways. BIAL's plans to increase the overall capacity of the airport also remain underway, and include the construction of the second phase of Terminal 2 by fiscal year 2029 and a third terminal building by fiscal year 2034. The combined capacity of the existing terminal, Terminal 2 and Terminal 3 is expected to be beyond 90 million passengers per annum.

BIAL, with support from the Government of Karnataka, has also entered into various partnerships with major Indian airlines (Air India and IndiGo) and aerospace companies for the construction of comprehensive maintenance, repair and overhaul facilities for aircrafts and other aerospace facilities on BIAL's monetizable leasehold land. These strategic alliances are expected to boost air travel connectivity to and from India and will help establish KIAB as a premier aviation hub for Southern India, driving growth in both domestic and international passenger traffic.

As Bengaluru's historically populated areas have become congested, the city is expanding towards the airport's direction. Therefore, BIAL's growth will also be supported by its real estate monetization plans, which include the development of Bengaluru Airport City as a world class mixed-use destination. Several key assets are in varying stages of development and construction.

In 2025, BIAL refinanced its borrowings through the issuance of non-convertible debentures for approximately $1.0 billion (90 billion Indian rupees), representing the largest unlisted private placement of non-convertible debentures in India's airport sector. The refinancing provides for a 15-year tenure and significant savings in borrowing costs due to an AAA credit rating, enabling BIAL to conserve capital and focus resources on funding its capital expansion plans.

Valuation and Interim Consolidated Financial Statement Impact

On February 20, 2025 the company, through FIH Mauritius, completed the acquisition of an additional 10.0% equity interest in BIAL from Siemens Project Ventures GmbH ("Siemens") for a purchase price of $255,000 (22.1 billion Indian rupees) ("Additional BIAL Investment").

In accordance with the terms of the transaction, on the closing date, the company paid an initial installment of $84,150 and delivered a letter of credit in favour of Siemens, representing the deferred purchase price of $170,850. On August 26, 2025 the company paid the second installment of $94,350, and subsequently reduced the outstanding letter of credit to $76,500. Refer to note 7 (Borrowings, under the heading Revolving Credit Facility) to the interim consolidated financial statements for the three and six months ended June 30, 2026 for further details. At June 30, 2026 and December 31, 2025, the payable for securities purchased of $76,500 presented in the company's consolidated balance sheet reflected the third and final installment to be paid to Siemens in the third quarter of 2026.

At June 30, 2026 the company held a 74.0% equity interest in BIAL (December 31, 2025 - 74.0%), and its internal valuation model indicated that the fair value of the company's investment in BIAL was $2,210,879 (December 31, 2025 - $2,187,387).

At June 30, 2026 the company held 43.6% out of its 74.0% (December 31, 2025 - 43.6% out of its 74.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0% (December 31, 2025 - 69.0%). Refer to note 8 (Total Equity, under the heading Non-controlling interests) to the interim consolidated financial statements for the three and six months ended June 30, 2026 for further discussion on Anchorage.

In the second quarter and first six months of 2026 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in BIAL of $10,088 in both periods (2025 - nil both periods).

Subsequent to June 30

On July 29, 2026, the company completed the third and final installment payment of $76,500 related to the Additional BIAL Investment. Accordingly, the payable for securities purchased outstanding at June 30, 2026 was settled in full and the related letter of credit is expected to be cancelled prior to its September 30, 2026 expiry, in accordance with the process set out in the letter of credit.

BIAL's Summarized Financial Information

BIAL's fiscal year ends on March 31. Summarized below are BIAL's balance sheets at March 31, 2026 and March 31, 2025.

Balance Sheets
(unaudited - US$ thousands)

	March 31, 2026(1)	March 31, 2025(1)(2)
Current assets	585,743	441,651
Non-current assets	1,413,619	1,464,611
Current liabilities	162,785	185,849
Non-current liabilities	1,375,316	1,348,902
Shareholders' equity	461,261	371,511

(1) The net assets of BIAL were translated at March 31, 2026 at $1 U.S. dollar = 94.85 Indian rupees and at March 31, 2025 at $1 U.S. dollar = 85.47 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

(2) Certain prior period comparative figures have been restated for comparability to be consistent with current period's presentation.

Current assets increased principally reflecting higher cash flows from operations and reinvestment into short term deposits. Non-current assets in U.S. dollars decreased principally due to the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period, in addition to the depreciation of property, plant and equipment. This was partially offset by capital expenditure additions related to BIAL's airport infrastructure expansion plan and an increase in investments in subleases. Current liabilities decreased and non-current liabilities increased, primarily reflecting the refinancing of BIAL's term loans through longer-tenured non-convertible debentures as described above. The increase in non-current liabilities was additionally attributed to an increase in rent advances received from subleases and concessionaires.

Summarized below are BIAL's statements of earnings for the years ended March 31, 2026 and 2025.

Statements of Earnings
(unaudited - US$ thousands)

	Year ended March 31, 2026(1)	Year ended March 31, 2025(1)
Revenue	531,080	472,596
EBITDA	370,223	327,416
Net earnings	135,403	70,218

(1) Amounts for the years ended March 31, 2026 and 2025 were translated using the average exchange rates of $1 U.S. dollar = 88.31 Indian rupees and $1 U.S. dollar = 84.52 Indian rupees prevailing during those periods.

The increase in revenue primarily reflected an increase in aeronautical and non-aeronautical revenues, primarily driven by higher passenger traffic levels and higher spend by passengers. In addition, revenue benefited from higher gains recognized on sublease arrangements and increased income from hospitality and lounge services. The increase in EBITDA was principally attributable to the higher revenues as discussed above, partially offset by an increase in employee expenses primarily arising from changes to India's labour codes implemented in November 2025, and higher maintenance expenses. The increase in net earnings was further driven by lower deferred tax expense arising from BIAL's transition into India's lower corporate tax regime in response to changes introduced in India's 2026-27 Union Budget, partially offset by higher current taxes.

Investment in Seven Islands Shipping Limited

Business Overview

Seven Islands Shipping Limited ("Seven Islands"), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels. Seven Islands' subsidiary, Seven Islands Shipping International FZE ("SISIF"), is located in the United Arab Emirates and operates foreign-flagged vessels. At June 30, 2026 Seven Islands, together with SISIF, owned 29 vessels, including 2 gas carriers, with a total deadweight capacity of approximately 1.4 million metric tons.

Key Business Drivers, Events and Risks

Seven Islands' key business drivers relate to its ability to acquire vessels from reputable vessel owners within the international market and quickly deploy those vessels through charter contracts with India's largest oil and gas companies. Seven Islands' business model is susceptible to overall shipping cycles and could be impacted by industry downturns in terms of lower rates and increased competition. However, Seven Islands operates primarily in the crude oil, oil products and liquefied petroleum gas transport segments wherein India has one of the fastest growing energy consumption rates, mitigating business deployment risk for oil and gas tankers in India in comparison with other countries. In addition, India has witnessed a decline in the fleet of other shipping companies, due to lower operational efficiencies, forming a gap that Seven Islands has been able to fill.

Seven Islands currently operates three foreign-flagged vessels under its wholly-owned subsidiary, SISIF, which is based in a free economic trade zone within the United Arab Emirates. These vessels can employ both Indian and foreign crew members, and receive certain benefits comparable to Indian owned and flagged vessels, including the absence of corporate tax.

A key focus for Seven Islands is the modernization of its fleet, as regulations currently dictate a maximum age limit for Indian vessels. India's maritime regulator has proposed a sustainability-based framework, referred to as the Revised Age Norms and Sustainability Indexing for Ships, which will use environmental and efficiency criteria to evaluate the exit age of ships. While the age norms were revised in January 2026 to allow certain older vessels to operate until March 31, 2029, the Sustainability Indexing of Ships remains under consideration, and could further extend the operational life of older vessels if adopted.

Geopolitical tensions continue to impact the crude oil market, affecting both oil supply chains and demand patterns. With the disruption to the Strait of Hormuz, which limited India's access to Middle Eastern supply, India significantly increased import volumes of Russian and Latin American oil. Although measures to restore normal operations through the Strait of Hormuz are underway, normalization of vessel traffic is expected to improve only gradually. Due to the uncertainty arising from the conflict in the Middle

East and associated disruption of shipping routes, spot charter rates have experienced volatility in the first half of 2026. Seven Islands remains somewhat insulated from the volatility, as the majority of its revenue contracts are on time charter for six months to over two years. Seven Islands primarily operates along the Indian coast, Persian Gulf, and Southeast Asia, shipping oil for Indian oil companies, and will refrain from traversing the Strait of Hormuz and Persian Gulf until there is clarity on safety of passage.

Although the majority of Seven Islands' expenses are denominated in Indian rupees, its revenues and vessel acquisitions and dispositions are denominated in U.S. dollars, mitigating the exposure to the depreciation of the Indian rupee.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2026 the company held a 48.5% equity interest in Seven Islands (December 31, 2025 - 48.5%), and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was $196,964 (December 31, 2025 - $162,379).

Investment in Maxop Engineering Company Private Limited

Business Overview

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors. Maxop operates from ten manufacturing facilities located in India with total installed casting capacity of over 20,000 metric tons, and caters to customers in Asia, North America and Europe.

Key Business Drivers, Events and Risks

Maxop's key business drivers relate to the growing demand and increasing scope of industrial applications for aluminum die casting, a process which manufactures lightweight parts and provides high flexibility for complex shapes. The automotive industry is a major consumer of aluminum die-cast products as it provides an effective alternative to reduce vehicle weight in order to meet increasingly strict fuel economy standards. The die casting market is expected to benefit from significant growth in global demand for vehicle production, in large part due to the rising popularity of electric vehicles.

Accordingly, the automotive parts die casting segment makes up a significant portion of Maxop's revenue profile across domestic and export sales. Maxop is also a supplier of fully machined precision components, and diversifies its revenue mix by catering to general engineering product segments in the non-automotive sector with applications such as air conditioning and food processing machine parts. Maxop has also undertaken the construction of a new plant dedicated to manufacturing aluminum extrusion products, primarily catering to its existing customer base in the automotive sector. The new plant is expected to commence operations in fiscal year 2027.

The global automotive market continues to face challenges arising from geopolitical conflicts and ongoing supply chain disruptions. Maxop’s export markets are expected to see varying impacts, with North America projected to observe a decline in vehicle sales in 2026, while Europe is projected to experience growth, reflecting a recovery from weaker market conditions experienced in the prior year. Domestic demand for automotive parts in India, however, has been consistently strong, benefiting from continued momentum from the previously implemented GST reforms that have made vehicles more affordable. Maxop continues to actively work with customers to mitigate impacts from tariffs and other disruptions, but has also shifted focus to the domestic market to take advantage of the increase in demand.

Maxop continues to successfully pursue new contracts and part nominations from both new and existing customers, and remains focused on key initiatives including improving operational and manufacturing processes, and expanding manufacturing facilities to serve regions and industries with significant growth outlooks. Maxop also mitigates its exposure to volatility in input prices through its aluminum processing plants, which transform scrap metal into molten aluminum and ingots for its aluminum die casting and machinery supply segment.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2026 the company held a 67.0% equity interest in Maxop (December 31, 2025 - 67.0%), and its internal valuation model indicated that the fair value of the company's investment in Maxop was $99,153 (December 31, 2025 - $95,486).

Investment in Global Aluminium Private Limited

Business Overview

Global Aluminium Private Limited ("Global Aluminium"), a private company located in Hyderabad, India, is an aluminum extrusions manufacturer with in-house capabilities to produce anodized and powder-coated aluminum products. Global Aluminium operates from two manufacturing facilities located in India with total production and value-addition capacity of approximately 83,000 metric tons.

Key Business Drivers, Events and Risks

Global Aluminium's key business drivers relate to the wide ranging application of aluminum extrusion products, particularly for premium industrial uses across diverse industries including architecture, aeronautics, electronics and electrical, and automotive sectors. As environmental concerns have increased in recent years, demand for aluminum products has particularly grown in the building and construction, automotive and renewable energy industries. A push towards electric vehicles and tightening fuel efficiency standards have increased the usage of aluminum in the automotive industry.

Global Aluminium has invested in design capabilities which allows it to focus on industrial customers with requirements for complex profiles subject to high value-addition processes. Additionally, Global Aluminium has developed a reputation for high quality products with minimal defects, quick turnaround times and highly responsive after-sales service. Its current strategic initiatives include technological upgrades to improve efficiency and customization capabilities, increasing production capacity, and expanding value-added services. As part of these initiatives, Global Aluminium is pursuing various certifications related to sustainability as well as quality to strengthen their product offerings and enable entry into different markets.

The conflict in the Middle East, including the disruptions to shipping through the Strait of Hormuz, has led to elevated energy prices, which have adversely impacted Global Aluminium's margins through higher production costs. Global Aluminium has responded by diversifying their fuel sources, in addition to leveraging pricing pass-through mechanisms and making a strategic shift toward higher-value segments, such as renewable energy and precision engineering applications. These initiatives are expected to enhance operational resilience, support margin stability, and strengthen Global Aluminium's competitive position over the long term.

Global Aluminium continues to focus on growing its export sales in other countries, in addition to developing more value-added services to mitigate the impacts of tariffs imposed by the U.S. and volatility arising from the conflict in the Middle East.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2026 the company held a 65.0% equity interest in Global Aluminium (December 31, 2025 - 65.0%) and its internal valuation model indicated that the fair value of the company's investment in Global Aluminium was $94,046 (December 31, 2025 - $90,768).

Investment in Jaynix Engineering Private Limited

Business Overview

Jaynix Engineering Private Limited ("Jaynix"), a private company based in Gujarat, India, is a manufacturer of non-ferrous electrical connectors and electrical assemblies, and is a critical Tier 1 supplier to major electrical original equipment manufacturers primarily in North America.

Key Business Drivers, Events and Risks

Jaynix's key business drivers relate to its ability to grow its customer base and product offerings in North America while maintaining high product quality. Jaynix leverages its low-cost manufacturing operations across five manufacturing plants in India to cater to markets in North America, and has in-house capabilities to design products and scale its manufacturing production capacities. Its current growth initiatives involve increasing production capacity and developing new products, including Jaynix-branded lugs and neutral bars. Accordingly, two new factory buildings are under construction and are expected to commence operations over the next year. Additionally, investments have been made to upgrade existing machinery and acquire new machinery, including the installation of specialized sheet metal machinery to meet customer demand for complete product assemblies. Jaynix is also currently evaluating options to expand its manufacturing presence to North America.

Jaynix is able to maintain its competitive advantage as the requirement for specific certifications presents a barrier to entry for other competitors seeking to enter the North American markets, while Jaynix's management has operational expertise in obtaining and maintaining these certifications. Jaynix is also able to maintain stable product margins as raw material costs (primarily aluminum costs), are passed through to the customer.

While the tariffs imposed by the U.S. resulted in an overall slowdown in consumption in the U.S. during fiscal year 2026, the recent announcement of lower tariffs on Indian goods has improved customer sentiment, leading to resumed momentum for procurement discussions and increased demand. The recent changes to tariffs, in addition to the development of Jaynix-branded products, are expected to support growth in fiscal year 2027.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2026 the company held a 70.0% equity interest in Jaynix (December 31, 2025 - 70.0%), and its internal valuation model indicated that the fair value of the company's investment in Jaynix was $59,000 (December 31, 2025 - $65,930).

In the second quarter and first six months of 2026 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Jaynix of $3,762 in both periods (2025 - nil both periods).

Investment in National Commodities Management Services Limited

Business Overview

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is an integrated agriculture value chain solutions provider, with services including grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. NCML also operates silos constructed under concession agreements with the Food Corporation of India ("FCI"), and an NBFC which focuses on rural and agri-business financing.

Key Business Drivers, Events and Risks

NCML's key business drivers relate to its ability to achieve long term modernization of its grain storage facilities, the expansion of its commodity management solutions platform and related value-added services, and the stable operation of its silo assets under concession agreements with the FCI.

The successful completion and handover of NCML's seven silo projects to the FCI marked the conclusion of a multi-year construction and commissioning phase and represented a significant operational milestone. While construction delays resulted in certain penalties imposed by the FCI, which have temporarily restricted profitability, the fully operational silo network is expected to contribute to a more stable and predictable operating profile going forward.

Market conditions for the Indian agriculture business are influenced by a range of factors, including weather conditions, crop production and demand, and government policy. Recent government measures, including the removal of certain export restrictions and commodity stock limits, are expected to enhance market liquidity, facilitate efficient stock management and support domestic price stability. However, weather-related challenges have negatively affected the agricultural production outlook for the current year, and contributed to softer storage demand for certain commodities. Despite these headwinds, NCML maintained high warehouse utilization levels across its network through proactive warehousing capacity management, supported by close monitoring of market demand and commodity flow patterns to anticipate shifting customer requirements. NCML also remains focused on cost rationalization and operational efficiency initiatives to help mitigate margin pressures from rising operating costs under current market conditions.

Funding constraints continue to limit NCML's overall growth prospects, prompting a continued focus on strengthening liquidity. Additional capital may be released through the sale of excess land parcels and warehouse assets, and the scaling down of businesses with less favourable risk-reward characteristics.

Valuation and Interim Consolidated Financial Statement Impact

NCML Common Shares

At June 30, 2026 the company held a 91.0% equity interest in NCML (December 31, 2025 - 91.0%), and its internal valuation model indicated that the fair value of the company's equity investment in NCML was $40,233 (December 31, 2025 - $41,896).

NCML Non-convertible Debentures

In 2023 the company invested $24,013 (2.0 billion Indian rupees) in 9.47% unsecured non-convertible debentures ("NCML NCD"), due November 8, 2028. At June 30, 2026 the fair value of the company's investment in the NCML NCD was $21,129 (including a deferred loss of $1,784) (December 31, 2025 - $22,252, including a deferred loss of $2,220), and is presented within Other Indian Fixed Income in the table disclosed earlier in the Summary of Indian Investments section.

At June 30, 2026 the company's interest receivable included a carrying value of $2,157 (December 31, 2025 - $2,430) related to interest receivable on the NCML NCD. To help alleviate NCML's liquidity challenges due to delays in asset monetizations, the company has allowed NCML to defer interest payments on the NCML NCD accrued since January 1, 2024.

Investment in India Housing Fund

India Housing Fund ("IH Fund") is a closed-ended fund of 360 ONE Private Equity Fund registered as a Category II Alternative Investment Fund ("AIF") under the Securities and Exchange Board of India AIF Regulations.

At June 30, 2026 the company estimated the fair value of its investment in IH Fund was $6,355 (December 31, 2025 - $6,996).

During the second quarter and first six months of 2026 the company did not receive distributions or dividend income from its investment in IH Fund. During the second quarter and first six months of 2025 the company received distributions from IH Fund of $1,635 and $1,720, and the consolidated statements of earnings (loss) included dividend income earned from IH Fund of $274 and $340.

Investment in Sanmar Chemical Enterprises Limited

At December 31, 2025 the company held a 39.3% equity interest in Sanmar Chemical Enterprises Limited ("Sanmar") and its internal valuation model indicated that the fair value of the company's investment in Sanmar was $101,621. On April 9, 2026 the company completed the sale of its entire investment in Sanmar to an affiliate of Sanmar for gross proceeds of $26,764 (2.5 billion Indian rupees), resulting in realized losses of $128,588.

Results of Operations

Fairfax India's consolidated statements of earnings (loss) for the three and six months ended June 30 are shown in the following table:

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Income				
Interest	340	1,814	966	5,010
Dividends	13,850	274	19,444	3,272
Net realized gains (losses) on investments	(128,588)	83	(127,762)	699
Net change in unrealized gains on investments	394,707	330,883	49,332	108,021
Net foreign exchange gains (losses)	2,892	(2,129)	(27,945)	1,116
	283,201	330,925	(85,965)	118,118
Expenses				
Investment and advisory fees	10,398	10,643	21,201	20,042
General and administration expenses	3,206	1,363	5,150	3,011
Interest expense	6,762	7,232	13,519	13,987
	20,366	19,238	39,870	37,040
Earnings (loss) before income taxes	262,835	311,687	(125,835)	81,078
Provision for income taxes	29,790	33,128	5,471	13,986
Net earnings (loss)	233,045	278,559	(131,306)	67,092
Attributable to:				
Shareholders of Fairfax India	227,915	278,113	(142,891)	66,889
Non-controlling interests	5,130	446	11,585	203
	233,045	278,559	(131,306)	67,092
Net earnings (loss) per basic and diluted share	$ 1.70	$ 2.06	$ (1.06)	$ 0.50

The key components of results of operations for and first six months of 2026 (with comparisons to the first six months of 2025, except as otherwise noted) included the following:

Net change in unrealized gains on investments of $394,707 and $49,332 in the second quarter and first six months of 2026 (2025 - $330,883 and $108,021) were principally driven by changes in market prices of Public Indian Investments and fair values of Private Indian Investments determined using industry accepted valuation techniques and models. For more information on Indian Investments, see the Indian Investments section of this MD&A. For further analysis of the changes in fair value of Indian Investments for the second quarters and first six months of 2026 and 2025, refer to note 5 (Indian Investments) to the interim consolidated financial statements for the three and six months ended June 30, 2026.

Net realized losses on investments of $128,588 and $127,762 in the second quarter and first six months of 2026 principally related to the sale of Sanmar common shares. Net realized gains on investments of $83 and $699 in the second quarter and first six months of 2025 principally related to sales of Government of India bonds.

Net foreign exchange gains of $2,892 and losses of $27,945 in the second quarter and first six months of 2026 (2025 - net foreign exchange losses of $2,129 and gains of $1,116) were principally driven by fluctuations in the Indian rupee against the U.S. dollar, and primarily arose from foreign exchange gains and losses on the company's U.S. dollar denominated borrowings.

Interest income of $340 and $966 decreased from $1,814 and $5,010 principally as a result of decreased holdings of Government of India bonds.

Dividends of $13,850 in the second quarter of 2026 were comprised of dividends from BIAL and Jaynix, compared to dividends of $274 in the second quarter of 2025 from IH Fund. Dividends of $19,444 in the first six months of 2026 additionally included dividends from IIFL Finance and IIFL Capital, compared to dividends of $3,272 in the first six months of 2025 from IIFL Capital and IH Fund.

Total expenses of $20,366 and $39,870 increased from $19,238 and $37,040, primarily due to higher general and administration expenses related to the Additional IIFL Capital Investment.

Provision for income taxes of $29,790 and $5,471 in the second quarter and first six months of 2026 (2025 - $33,128 and $13,986) primarily reflected deferred income taxes recognized as a result of net unrealized gains on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017, in addition to current taxes recognized related to capital gains taxes on the sale of Sanmar common shares, and withholding taxes on interest and dividends. Refer to note 9 (Income Taxes) to the interim consolidated financial statements for the three and six months ended June 30, 2026.

Consolidated Balance Sheet Summary

The company's consolidated balance sheet at June 30, 2026 (with comparisons to December 31, 2025, except as otherwise noted) was primarily comprised of the following:

Total Assets

Total assets at June 30, 2026 of $3,764,177 (December 31, 2025 - $4,049,757) were principally comprised as follows:

Cash and cash equivalents increased to $32,537 at June 30, 2026 from $8,112 at December 31, 2025 principally due to sales of Government of India bonds and Sanmar common shares, and receipt of dividend and interest income, partially offset by payments of investment and advisory fees, interest on borrowings, and participation in the 5paisa Rights Offer.

Restricted cash of $3,703 at June 30, 2026 (December 31, 2025 - nil) was comprised of a cash deposit held in escrow in connection with the IIFL Capital Open Offer.

Bonds and Common stocks - The company is actively seeking investment opportunities in India and will continue to redirect capital from its cash and cash equivalents and Government of India bonds into Indian Investments as and when those opportunities are identified. For more information, see the Indian Investments section of this MD&A. For more information on the company's total cash and investments holdings (excluding derivative obligation) of $3,756,594 at June 30, 2026 (December 31, 2025 - $4,045,446) see note 6 (Cash and Investments) to the interim consolidated financial statements for the three and six months ended June 30, 2026.

Interest and dividends receivable increased to $6,048 at June 30, 2026 from $2,996 at December 31, 2025, primarily due to a dividend receivable of $3,700 from Jaynix, which was subsequently received on July 2, 2026, partially offset by the receipt of interest income from the company's investments in Government of India bonds.

Total Liabilities and Equity

Total liabilities at June 30, 2026 of $821,710 (December 31, 2025 - $814,941) were principally comprised as follows:

Accrued interest expense of $8,787 at June 30, 2026 (December 31, 2025 - $8,787) was comprised of accrued interest expense for the company's $500,000 principal, 5.0% unsecured senior notes ("Unsecured Senior Notes") which are due in semi-annual installments, and accrued letter of credit fees.

Income taxes payable of $907 at June 30, 2026 (December 31, 2025 - $922) was primarily comprised of a provision relating to a prior year tax assessment.

Payable to related parties of $10,384 at June 30, 2026 (December 31, 2025 - $10,960) was comprised of investment and advisory fees payable to Fairfax. At June 30, 2026 and December 31, 2025 the company determined that no performance fee accrual was required related to the fourth calculation period.

Payable for securities purchased of $76,500 at June 30, 2026 (December 31, 2025 - $76,500) was comprised of the third installment payment related to the Additional BIAL Investment, which was settled in full on July 29, 2026.

Derivative obligation of $14,429 at June 30, 2026 (December 31, 2025 - nil) related to a derivative obligation recorded in connection with the Additional IIFL Capital Investment. For more information, refer to the Indian Investments section of this MD&A.

Deferred income taxes decreased to $210,135 at June 30, 2026 from $217,859 at December 31, 2025 primarily as a result of deferred taxes recognized resulting from unrealized gains on the company's investments in BIAL and Seven Islands, partially offset by the reversal of prior period deferred taxes recognized from unrealized losses on the company's investment in CSB Bank and the sale of Sanmar common shares, in addition to foreign currency translation impact due to the depreciation of the Indian rupee against the U.S. dollar during the period.

Borrowings increased to $499,131 at June 30, 2026 from $498,870 at December 31, 2025 reflecting the amortization of issuance costs on the Unsecured Senior Notes.

Total equity at June 30, 2026 of $2,942,467 (December 31, 2025 - $3,234,816) was comprised of common shareholders' equity of $2,783,739 (December 31, 2025 - $3,079,648) and non-controlling interests of $158,728 (December 31, 2025 - $155,168). Refer to note 8 (Total Equity) to the interim consolidated financial statements for the three and six months ended June 30, 2026 for further details.

Financial Risk Management

The primary goals of the company's financial risk management program are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheets from events that have the potential to materially impair its financial strength. There were no significant changes in the types of the company's risk exposures or the process used by the company for managing those risk exposures at June 30, 2026 compared to those identified at December 31, 2025 and disclosed in the company's 2025 Annual Report, other than as outlined in note 10 (Financial Risk Management) to the interim consolidated financial statements for the three and six months ended June 30, 2026.

Capital Resources and Management

For a detailed analysis, refer to note 10 (Financial Risk Management, under the heading Capital Management) to the interim consolidated financial statements for the three and six months ended June 30, 2026.

Liquidity

For a detailed discussion on short term and long term liquidity requirements and sources of liquidity, refer to note 10 (Financial Risk Management, under the heading Liquidity Risk) to the interim consolidated financial statements for the three and six months ended June 30, 2026.

Highlights in the first six months of 2026 (with comparisons to the first six months of 2025) of major components of the statements of cash flows are presented in the following table:

	First six months	
	2026	**2025**
Operating activities		
Cash used in operating activities excluding the impact of changes in restricted cash and net sales (purchases) of investments	(23,478)	(25,441)
Increase in restricted cash in support of investments	(3,703)	—
Purchases of investments	(12,320)	(87,660)
Sales of investments	64,555	76,002
Cash provided by (used in) operating activities	25,054	(37,099)
Financing activities		
Purchases of subordinate voting shares for cancellation	—	(437)
Cash used in financing activities	—	(437)
Increase (decrease) in cash and cash equivalents during the period	25,054	(37,536)

"Cash used in operating activities excluding the impact of changes in restricted cash and net sales (purchases) of investments" provides a measure of cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of changes to restricted cash and purchases and sales of investments. Cash used in operating activities excluding the impact of changes in restricted cash and net sales (purchases) of investments of $23,478 in the first six months of 2026 decreased from $25,441 in the first six months of 2025 primarily due to lower cash received from interest income, higher general and administration expenses, and higher investment and advisory fees paid, partially offset by increased cash received from dividends and lower income taxes payments.

Increase in restricted cash in support of investments of $3,703 in the first six months of 2026 related to a cash deposit held in escrow in connection with the IIFL Capital Open Offer.

Purchase of investments of $12,320 in the first six months of 2026 related to the 5paisa Rights Offer. Purchase of investments of $87,660 in the first six months of 2025 related to the first installment payment on the Additional BIAL Investment and purchases of Government of India bonds.

Sales of investments of $64,555 in the first six months of 2026 related to sales of Government of India bonds and Sanmar common shares. Sales of investments of $76,002 in the first six months of 2025 primarily related to sales of Government of India bonds and redemption of Other Indian Fixed Income.

Contractual Obligations

The company's contractual obligations principally relate to its borrowings, fees due to Fairfax under the terms of the Investment Advisory Agreement, the remaining installment payment related to the Additional BIAL Investment, and Additional IIFL Capital Investment as discussed in the Indian Investments section of this MD&A. Refer also to note 7 (Borrowings) and note 11 (Related Party Transactions) to the interim consolidated financial statements for the three and six months ended June 30, 2026 for further details on borrowings and fees due to Fairfax.

Other

Quarterly Data (unaudited)

US$ thousands, except per share amounts	**June 30, 2026**	**March 31, 2026**	**December 31, 2025**	**September 30, 2025**	**June 30, 2025**	**March 31, 2025**	**December 31, 2024**	**September 30, 2024**
Income (loss)	283,201	(369,166)	441,701	49,034	330,925	(212,807)	2,824	88,724
Expenses	20,366	19,504	22,358	19,886	19,238	17,802	18,367	18,462
Provision for (recovery of) income taxes	29,790	(24,319)	60,158	13,333	33,128	(19,142)	15,444	32,950
Net earnings (loss)	233,045	(364,351)	359,185	15,815	278,559	(211,467)	(30,987)	37,312
Net earnings (loss) attributable to shareholders	227,915	(370,806)	340,415	3,222	278,113	(211,224)	(35,782)	33,971
Net earnings (loss) per basic and diluted share	$ 1.70	$ (2.76)	$ 2.53	$ 0.02	$ 2.06	$ (1.57)	$ (0.27)	$ 0.25

Indian rupees and in millions, except per share amounts (1)	**June 30, 2026**	**March 31, 2026**	**December 31, 2025**	**September 30, 2025**	**June 30, 2025**	**March 31, 2025**	**December 31, 2024**	**September 30, 2024**
Income (loss)	25,796	(33,799)	38,602	4,291	28,602	(18,433)	261	7,403
Expenses	1,926	1,786	1,985	1,736	1,647	1,542	1,551	1,547
Provision for (recovery of) income taxes	2,736	(2,226)	5,261	1,159	2,862	(1,658)	1,303	2,751
Net earnings (loss)	21,134	(33,359)	31,356	1,396	24,093	(18,317)	(2,593)	3,105
Net earnings (loss) attributable to shareholders	20,646	(33,949)	29,713	307	24,054	(18,296)	(2,995)	2,827
Net earnings (loss) per basic and diluted share	153.82	(252.94)	220.57	2.28	178.42	(135.69)	(22.19)	20.92

(1) Presented in the company's functional currency.

Forward-Looking Statements

This interim report may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or an Indian Investment's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the company, an Indian Investment, or the Indian market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”.

Forward-looking statements are based on our opinions and estimates as of the date of this interim report and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors: oil price risk; geographic concentration of investments; potential lack of diversification; foreign currency fluctuation; volatility of the Indian securities markets; investments may be made in foreign private businesses where information is unreliable or unavailable; valuation methodologies involve subjective judgments; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; disruption of the company's information technology systems could significantly affect the company's business; lawsuits; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; trading price of subordinate voting shares relative to book value per share; weather risk; taxation risks; emerging markets; legal, tax and regulatory risks; MLI; economic risk; reliance on trading partners; and economic disruptions from global conflicts and the development of other geopolitical events worldwide. Additional risks and uncertainties are described in the company's annual information form dated March 6, 2026 which is available on SEDAR+ at www.sedarplus.ca and on the company's website at www.fairfaxindia.ca. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.

Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.

Glossary of Non-GAAP and Other Financial Measures

Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in this interim report, which have been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies.

Supplementary Financial Measures

Book value per share – The company considers book value per share a key performance measure in evaluating its objective of long term capital appreciation, while preserving capital. This measure is also closely monitored as it is used to calculate the performance fee, if any, to Fairfax. This measure is calculated by the company as common shareholders' equity divided by the number of common shares outstanding. Those amounts are presented in the consolidated balance sheet and note 8 (Total Equity, under the heading Common Stock) respectively within the interim consolidated financial statements for the three and six months ended June 30, 2026.

Cumulative interest and dividends – The company uses this measure to monitor cash flows generated from interest and dividend income for each Indian Investment. This measure is calculated by the company as the sum of interest and dividend income recorded and received over the period of the company's investment.

Compounded annualized return – The company uses this measure to assess the performance of its investments. This measure represents the U.S. dollar annualized internal rate of return and is calculated for each of the company's existing and monetized Indian Investments, taking into account (i) the timing of cash flows (including cash consideration of purchases, cash proceeds on sales, cumulative interest and dividends received, and return of capital distributions) over the period of the company's investment, and (ii) the fair value at the end of the reporting period for existing Indian Investments.

Non-GAAP Financial Measures

Cash used in operating activities excluding the impact of changes in restricted cash and net sales (purchases) of investments – The company uses this measure to monitor the cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of changes to restricted cash and purchases and sales of investments. This measure is a component of cash provided by (used in) operating activities as presented in the consolidated statement of cash flows within the interim consolidated financial statements for the three and six months ended June 30, 2026.

Cash and marketable securities – The company uses this measure to monitor short term liquidity risk. This measure is calculated by the company as the sum of cash, cash equivalents, short term investments and Government of India bonds. Those amounts are presented in note 6 (Cash and Investments) within the interim consolidated financial statements for the three and six months ended June 30, 2026.

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