

NON-GAAP RECONCILIATION - NET OPERATING EARNINGS

	Year ended December 31,				
(\$000's)	2021	2022	2023	2024	2025
Net income	\$ 152,659	\$ 159,114	\$ 308,093	\$ 414,843	\$ 503,614
Adjustments:					
Change in the fair value of equity securities, before taxes	(22,812)	27,723	(15,277)	(43,367)	(58,836)
Income tax expense (benefit) ⁽¹⁾	4,791	(5,822)	3,208	9,107	12,356
Change in the fair value of equity securities, after taxes	(18,021)	21,901	(12,069)	(34,260)	(46,480)
Net realized investment (gains), before taxes	(2,828)	(1,191)	(6,040)	(6,831)	(4,390)
Income tax expense ⁽¹⁾	594	250	1,268	1,435	922
Net realized investment (gains), after taxes	(2,234)	(941)	(4,772)	(5,396)	(3,468)
Change in allowance for credit losses on investments, before taxes	-	366	187	(526)	2
Income tax (benefit) expense ⁽¹⁾	-	(77)	(39)	110	-
Change in allowance for credit losses on investments, after taxes	-	289	148	(416)	2
Net operating earnings	\$ 132,404	\$ 180,363	\$ 291,400	\$ 374,771	\$ 453,668
Diluted operating earnings per share:					
Diluted earnings per share	\$ 6.62	\$ 6.88	\$ 13.22	\$ 17.78	\$ 21.65
Change in the fair value of equity securities, after taxes, per share	(0.78)	0.95	(0.52)	(1.47)	(2.00)
Net realized investment (gains), after taxes, per share	(0.10)	(0.04)	(0.20)	(0.23)	(0.15)
Change in allowance for credit losses on investments, after taxes, per share	-	0.01	0.01	(0.02)	-
Diluted operating earnings per share ⁽²⁾	\$ 5.74	\$ 7.80	\$ 12.50	\$ 16.06	\$ 19.51
Average stockholders' equity	\$ 637,787	\$ 722,392	\$ 916,141	\$ 1,285,197	\$ 1,721,572
Annualized operating return on equity ⁽³⁾	20.8%	25.0%	31.8%	29.2%	26.4%

¹ Income taxes on adjustments to reconcile net income to net operating earnings use an effective tax rate of 21%; ² Diluted operating earnings per share may not add due to rounding; ³ Annualized operating return on equity is net operating earnings expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period