

American Overseas Group Limited

**Consolidated Financial Statements
For the Year Ended
December 31, 2025**



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
American Overseas Group Limited

Opinion

We have audited the consolidated financial statements of American Overseas Group Limited and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, comprehensive income (loss), equity and retained deficit, and cash flows, for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a period of one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more. Deloitte Ltd. is an affiliate of DCB Holding Ltd., a member firm of Deloitte Touche Tohmatsu Limited.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the disclosure of short-duration contracts included within Note 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte Ltd.

April 16, 2026

AMERICAN OVERSEAS GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
December 31, 2025 and 2024

| | 2025 | 2024 |
|---|-------------------------|-------------------------|
| Assets | | |
| Fixed-maturity securities held as available for sale, at fair value | \$ 161,312,323 | \$ 143,632,951 |
| Equity investments available for sale, at fair value | 1,041,254 | - |
| Cash and cash equivalents | 45,140,202 | 46,599,640 |
| Restricted cash | 843,097 | 4,860,911 |
| Accrued investment income | 1,134,960 | 1,028,660 |
| Premiums receivable | 211,992,756 | 211,771,082 |
| Deferred reinsurance premiums | 299,720,107 | 267,765,637 |
| Reinsurance balances receivable, net | 481,443,800 | 413,541,526 |
| Deferred policy acquisition costs | 9,419,692 | 10,214,699 |
| Intangible assets | 4,800,000 | 4,800,000 |
| Goodwill | 33,050,000 | 33,050,000 |
| Other assets | 5,372,536 | 3,971,886 |
| Total assets | \$ 1,255,270,727 | \$ 1,141,236,992 |
| Liabilities and Shareholders' Equity | | |
| Liabilities: | | |
| Losses and loss expense reserve | \$ 465,401,132 | \$ 421,018,063 |
| Deferred commission income | 6,481,316 | 7,154,451 |
| Unearned premiums | 311,072,980 | 281,175,824 |
| Ceded premium payable | 233,727,275 | 209,033,074 |
| Payable to general agents | 458,970 | 275,959 |
| Fund withheld | 133,343,132 | 126,839,184 |
| Accounts payable and accrued liabilities | 26,470,686 | 26,255,384 |
| Notes payable | 15,832,695 | 20,770,907 |
| Non-owned interest in VIE | 300,000 | 300,000 |
| Interest payable | 435,286 | 578,267 |
| Deferred tax liability | 3,412,810 | 1,956,086 |
| Total liabilities | 1,196,936,282 | 1,095,357,199 |
| Shareholders' equity: | | |
| Common shares | 4,697,900 | 4,697,900 |
| Additional paid-in capital | 189,178,987 | 189,178,987 |
| Accumulated other comprehensive income (loss) | (1,932,017) | (3,560,780) |
| Retained deficit | (133,610,425) | (144,436,314) |
| Total shareholders' equity | 58,334,445 | 45,879,793 |
| Total liabilities and shareholders' equity | \$ 1,255,270,727 | \$ 1,141,236,992 |

See Accompanying Notes to the Consolidated Financial Statements.

AMERICAN OVERSEAS GROUP LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
December 31, 2025 and 2024

| | 2025 | 2024 |
|--|----------------------|---------------------|
| Net premiums earned | \$ 50,035,215 | \$ 51,610,156 |
| Fee income | 23,139,274 | 22,078,383 |
| Net investment income | 2,039,103 | 1,401,432 |
| Net realized gain (loss) | (108,397) | 46,601 |
| Other income | 136,355 | 87,291 |
| Total revenues | 75,241,550 | 75,223,863 |
| Net losses and loss adjustment expenses | 28,878,184 | 33,034,504 |
| Acquisition costs | 16,397,784 | 14,811,556 |
| General and administrative expenses | 13,816,676 | 12,911,447 |
| Interest expense | 2,155,304 | 2,313,080 |
| Total expenses | 61,247,948 | 63,070,587 |
| Income (loss) before income tax | 13,993,602 | 12,153,276 |
| Income tax benefit (expense) | (3,167,713) | (2,753,462) |
| Net income (loss) attributable to common shareholders | \$ 10,825,889 | \$ 9,399,814 |
| Net income (loss) per common share: | | |
| Basic | \$ 230.44 | \$ 200.09 |
| Diluted | \$ 230.44 | \$ 200.09 |
| Weighted-average number of common shares outstanding: | | |
| Basic | 46,979 | 46,979 |
| Diluted | 46,979 | 46,979 |

See Accompanying Notes to the Consolidated Financial Statements.

AMERICAN OVERSEAS GROUP LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
December 31, 2025 and 2024

| | 2025 | 2024 |
|--|----------------------|---------------------|
| Net income (loss) before non-controlling interest | 10,825,889 | \$ 9,399,814 |
| Other comprehensive income (loss) | | |
| Change in unrealized fair value of investments | 1,520,366 | (60,322) |
| Reclassification adjustment for net realized investment gains and (losses) included in income | 108,397 | (46,601) |
| Other comprehensive income (loss) | 1,628,763 | (106,923) |
| Comprehensive income (loss) | \$ 12,454,652 | \$ 9,292,891 |

See Accompanying Notes to the Consolidated Financial Statements.

AMERICAN OVERSEAS GROUP LIMITED
CONSOLIDATED STATEMENTS OF EQUITY AND RETAINED DEFICIT
December 31, 2025 and 2024

| | <u>Share capital</u> | <u>Additional paid-in-capital</u> | <u>Accumulated other comprehensive income (loss)</u> | <u>Retained deficit</u> | <u>Total stockholders' equity</u> |
|---|----------------------|---------------------------------------|--|-----------------------------|---|
| Balance, December 31, 2023 | 4,697,900 | 189,178,987 | (3,453,857) | (153,836,128) | 36,586,902 |
| Net income (loss) | - | - | - | 9,399,814 | 9,399,814 |
| Net change in unrealized gains and losses on investments | - | - | (106,923) | - | (106,923) |
| Balance, December 31, 2024 | 4,697,900 | 189,178,987 | (3,560,780) | (144,436,314) | 45,879,793 |
| Net income (loss) | - | - | - | 10,825,889 | 10,825,889 |
| Net change in unrealized gains and losses on investments | - | - | 1,628,763 | - | 1,628,763 |
| Balance, December 31, 2025 | <u>\$ 4,697,900</u> | <u>\$ 189,178,987</u> | <u>\$ (1,932,017)</u> | <u>\$ (133,610,425)</u> | <u>\$ 58,334,445</u> |

See Accompanying Notes to the Consolidated Financial Statements

AMERICAN OVERSEAS GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2025 and 2024

| | 2025 | 2024 |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) for the year | \$ 10,825,889 | \$ 9,399,814 |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Net realized (gain) loss on sale of investments | 108,397 | (46,601) |
| Net unrealized (gain) loss on equity investment | (5,604) | - |
| Interest expense | 2,155,304 | 2,313,080 |
| Amortization of bond discount | (931,554) | (974,800) |
| Changes in operating assets and liabilities: | | |
| Accrued investment income | (106,300) | (56,274) |
| Premiums receivable | (221,674) | (37,421,272) |
| Deferred reinsurance premiums | (31,954,470) | (47,937,871) |
| Reinsurance balance receivable, net | (67,902,274) | (64,061,451) |
| Deferred acquisition costs, net | 121,872 | (785,610) |
| Other assets | (1,400,650) | (253,186) |
| Unpaid losses and loss adjustment expenses | 44,383,069 | 88,360,768 |
| Unearned premiums | 29,897,156 | 50,874,845 |
| Ceded premium payable | 24,694,201 | 25,063,808 |
| Payable to general agents | 183,011 | (10,608,623) |
| Funds withheld | 4,746,878 | (9,584,496) |
| Accounts payable and accrued liabilities | 215,302 | 531,063 |
| Deferred tax liability | 1,456,724 | 1,308,146 |
| Net cash provided by (used in) operating activities | 16,265,277 | 6,121,340 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of available for sale securities | (65,540,741) | (42,406,406) |
| Purchase of equity securities | (1,035,650) | - |
| Proceeds from sales of fixed income investments | 15,617,075 | 13,937,960 |
| Proceeds from maturities of fixed income investments | 36,453,283 | 18,302,762 |
| Net cash provided by (used in) investing activities | (14,506,033) | (10,165,684) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payment on senior note payable | (4,938,212) | - |
| Interest paid | (2,298,284) | (2,313,081) |
| Net cash provided by (used in) financing activities | (7,236,496) | (2,313,081) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | (5,477,252) | (6,357,425) |
| Cash, cash equivalents and restricted cash - Beginning of year | 51,460,551 | 57,817,976 |
| Cash, cash equivalents and restricted cash - End of year | \$ 45,983,299 | \$ 51,460,551 |
| Total income taxes paid, net of refunds | \$ 1,690,727 | \$ 1,483,000 |
| <i>Reconciliation of cash and restricted cash and equivalents to Balance Sheet</i> | | |
| Cash and cash equivalents, end of year | \$ 45,140,202 | \$ 46,599,640 |
| Restricted cash and cash equivalents, end of year | 843,097 | 4,860,911 |
| Total cash and cash equivalents and restricted cash and equivalents, end of year | \$ 45,983,299 | \$ 51,460,551 |
| Supplemental Disclosure of Non-Cash Transactions: | - | - |

See Accompanying Notes to the Consolidated Financial Statements.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BACKGROUND

American Overseas Group Limited (“AOG” or the “Company”) was incorporated on January 28, 1998, under the laws of Bermuda. The Company was originally organized to operate a mono-line financial guaranty reinsurance subsidiary which was placed in voluntary run-off in 2009. After substantially reducing its financial guaranty exposure, AOG entered the property and casualty reinsurance business in 2012. On June 26, 2013 the Company’s principal shareholder at that time, Orpheus Group Ltd. (“OGL”), acquired voting control of AOG. On October 28, 2014, AOG acquired OGL for a combination of common stock and senior notes. The Company is now a major writer of non-standard auto insurance through its U.S. subsidiaries. All earned premium and fee income are related to its property and casualty book of business. The financial guaranty book of business was eliminated in 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Company:

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ materially from those estimates.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries, as well as those of Old American County Mutual Fire Insurance Company (“OACM”), a variable interest entity (“VIE”) which the Company is required to consolidate. All significant intercompany balances have been eliminated in consolidation.

(c) Cash and cash equivalents

The Company considers all highly liquid investments, including fixed-interest and money market fund deposits, with a maturity of 90 days or less when purchased, as cash equivalents. Cash equivalents are carried at cost which approximates fair value.

(d) Investments

The Company has classified its fixed-maturity and equity investments as available-for-sale. Fixed-maturity investments are carried at fair value, with unrealized appreciation or depreciation reported as a separate component of accumulated other comprehensive income. The equity investment is carried at fair value with unrealized appreciation or depreciation reported on the income statement as an unrealized gain or loss. A portion of the unrealized appreciation or depreciation related to a reinsurer is included in funds held instead of accumulated other comprehensive income as the investments are pledged and all related investment movements, primarily consisting of income and expenses inure back to the reinsurer not the Company. The Company’s fair values of fixed-maturity investments are based on prices obtained from nationally recognized independent pricing services and represent quoted prices in active markets when available. Equity securities include investments in shares of publicly traded companies and offshore mutual funds. All investment transactions are recorded on a trade date basis. Realized gains and losses on sales of fixed-maturity investments are determined on the basis of amortized cost. Gains and losses on sale of investments are included in “net realized gains(losses) on sale of investments” when realized. The cost of securities sold is determined using the specific identification method. The Company’s investment guidelines require the orderly sale of securities that do not meet investment guidelines due to a downgrade by rating agencies or other circumstances, unless otherwise authorized by management to hold.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES

(e) Current Expected Credit Losses (CECL)

The Company and our investment services provider, New England Asset Management (“NEAM”), review its investment portfolio no less than quarterly in order to determine whether an unexpected credit loss exists.

Factors considered when assessing for any credit loss may include, but are not limited to: a screening process to determine if any securities held by the Company are flagged by our investment provider and a qualitative analytic review of factors such as the market position, regional economic and demographic trends, bond structure, liquidity and governance frameworks.

If an expected credit loss is determined to be needed, an allowance would be booked and adjusted as warranted by subsequent analysis.

(f) Guaranty fund asset

Guaranty fund assets are included in other assets on the Consolidated Balance Sheet assessed to the Company from various states when the cost of defaulted insurance companies exceed the current fund balance. Depending on when the Company receives notice of an assessment, the Company will either accrue or pay the assessment and, if allowed by the assessing state, setup a corresponding guaranty fund asset for any premium tax credits allowed. This asset is reviewed annually for collectability and will be written off, if needed.

(g) Revenue recognition

The Company earns property casualty insurance and reinsurance premium revenue over the terms of the related policies. Unearned premiums represent the unexpired portion of premiums written. In addition, the Company earns fee income for providing insurance capacity for its nonstandard automobile liability and physical damage insurance products produced by managing general agents or other producers and ceded to reinsurers. Fee income is the excess of the ceding commission received from the reinsurers over the commission expense paid to the managing general agents or other producers.

Premium receivables and reinsurance recoverables are evaluated for credit losses at the underwriting company level. These are evaluated based on a number of factors including, but not limited to, the current aging of the receivables, the financial monitoring of the MGA/Reinsurers, the collateral of reinsurers, and the structure of the business of the underwriting company.

(h) Deferred policy acquisition costs

Deferred policy acquisition costs comprise those expenses that vary with and are primarily related to the production of business, including ceding commissions paid.

When assessing the recoverability of deferred policy acquisition costs, the Company considers the future earnings of premiums and anticipated investment income and compares this to the sum of unamortized policy acquisition costs, expected loss and loss adjustment expenses and expected maintenance costs. If a deficiency were calculated, the unamortized acquisition costs would be reduced by a charge to expense. Any deficiency driven by the maintenance costs that is greater than the balance of the deferred acquisition costs for the underwriting year and risk type is recorded as a premium deficiency.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Losses and loss adjustment expenses

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates (“case basis loss reserves”) and an amount for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and adjustments are reflected in the period determined.

(j) Fair value measurements

ASC 820 provides guidance for fair value measurement of assets and liabilities and associated disclosures about fair value measurement. Under this standard, the definition of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price). ASC 820 clarifies that fair value is a market-based measurement, not an entity-specific measurement. ASC 820 establishes a fair value hierarchy of inputs in measuring fair value, with the highest level being observable inputs and the lowest being unobservable data as follows:

- Level 1 inputs – valuations based on quoted prices in active markets for identical assets or liabilities. Valuations in this level do not entail a significant degree of judgment.
- Level 2 inputs – valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and model derived valuations where all significant inputs are observable in active markets.
- Level 3 inputs – valuations based on significant inputs that are unobservable.

Disclosures relating to fair value measurements are included in Note 5 – Fair Value of Financial Instruments.

(k) Goodwill and intangible assets

The Company tests for impairment of goodwill and indefinite-lived intangible assets on an annual basis, or more frequently if events or changes in circumstances indicate that impairment exists.

The Company amortizes finite-lived intangible assets over the respective useful lives of the assets. If events or changes in circumstances indicate that impairment of these assets exists, the Company will test for impairment. If, as a result of the evaluation, the Company determines that the value of the goodwill or intangible assets is impaired, then the value of the assets will be written down through net income in the period in which the determination of the impairment is made.

(l) Leases

At lease inception, the Company determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use (“ROU”) assets, current operating lease liabilities, and noncurrent operating lease liabilities in the consolidated financial statements. ROU assets represent the Company’s right to use leased assets over the term of the lease. Lease liabilities represent the Company’s contractual obligation to make lease payments over the lease term.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured as the present value of the lease payments over the lease term. The Company uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments. Operating ROU assets are calculated as the present value of the remaining lease payments plus

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Leases (cont'd)

unamortized initial direct costs plus any prepayments less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause a significant economic penalty to the Company if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Company has elected not to recognize a ROU asset and obligation for leases with an initial term of twelve months or less. The expense associated with short term leases is included in lease expense in the income statement.

To the extent a lease arrangement includes both lease and fixed non-lease components, the Company has elected to account for the components as a single lease component. To the extent the non-lease component is not fixed in nature, the non-lease components are expensed separately.

(m) Taxation

Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the difference is reversed. A valuation allowance is recorded against gross deferred tax assets if it is more likely than not that all or some portion of the benefits related to the deferred tax assets will not be realized.

(n) Share-based compensation

The Company measures and records compensation costs for all share-based payment awards based on grant-date fair value over the requisite service period. This includes consideration of expected forfeitures in determining share based-based employee compensation expenses.

(o) Treasury shares

Common shares of AOG held by the Company and its subsidiaries are accounted for similar to share cancellations with the excess of the par value reflected in additional paid in capital.

(p) Recent Accounting pronouncements

New accounting pronouncements adopted:

Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segment Disclosures (Topic 280), to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. The amendments in this update will require public entities to disclose significant segment expenses that are regularly provided to the Company's chief operating decision maker and included within segment profit and loss, an amount and description of its composition for other segment items, and expanded interim disclosures. This guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company adopted and implemented this ASU during 2024. See Note 9 – Segment Information.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Recent Accounting pronouncements (Cont'd)

New accounting pronouncements adopted(cont'd):

In December 2023, the FASB issued ASC Update No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This Update requires entities to disclose an annual tabular rate reconciliation, using both percentages and currency amounts, broken out into specific categories, to the extent those items exceed a specified threshold. In addition, all entities are required to disclose annual income taxes paid, net of refunds received, disaggregated by federal, state, and foreign jurisdictions, and for individual jurisdictions when the amount is at least five percent of total income tax payments, net of refunds received. This Update is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. This guidance may be implemented either on a prospective or retrospective basis. The company adopted and implemented this ASU during 2025. See Note 20 – Taxation.

Recently Issued Standards

In November 2024, the FASB issued ASC Update No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)*. This Update requires entities to disclose, at each interim and annual reporting period, specified information about certain costs and expenses in the notes to financial statements. Entities must disclose the amounts, in a tabular format, of relevant expense captions presented on the face of the income statement within continuing operations that contain expenses associated with employee compensation, depreciation, and intangible asset amortization. Additionally, the Update requires qualitative disclosure of amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and the disclosure of total of selling expenses, among other items. This Update is effective for annual reporting periods beginning after December 15, 2026, and as clarified in ASC Update No. 2025-01, beginning after December 15, 2027, with early adoption permitted. This guidance may be implemented either on a prospective or retrospective basis. The Company does not expect implementation of this guidance to have a material effect on its financial position or results of operations, as the Update is disclosure related.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. PLEDGED ASSETS

As of December 31, 2025 and 2024, there were investments of \$2.0 million and \$2.1 million, respectively, on deposit with state insurance department regulators related to a U.S. subsidiary.

Orpheus Re Ltd. ("ORE") held a Section 114 Trust in favor of OACM to support obligations from the reinsurance business assumed. As of December 31, 2025 and 2024 the assets value was \$15.1 million and \$11.3 million, respectively.

ORE held a Section 114 Trust in favor of OAIC to support obligations from the reinsurance business assumed. As of December 31, 2025 and 2024 the assets value was \$4.7 million and \$4.3 million, respectively.

4. INVESTMENTS

The amortized cost, gross unrealized gains, gross unrealized losses, CECL and estimated fair value recorded in accumulated other comprehensive income of the Company's available for sale investments at December 31, 2025 and 2024, were as follows:

| | Amortized Cost | Gross Unrealized Gains ⁽³⁾ | Included in Accumulated Other Comprehensive Income ("AOCI") | | Estimated Fair Value |
|---|-----------------------|---|--|---|-------------------------|
| | | | Related to Changes in Estimated Fair Value | Gross Unrealized Losses ⁽³⁾ CECL Included in Other Comprehensive Income ⁽¹⁾ | |
| 2025 | | | | | |
| US Treasuries and government agencies ⁽²⁾ | \$ 44,383,244 | \$ 234,055 | \$ (15,101) | \$ - | \$ 44,602,198 |
| Corporate debt securities | 58,812,680 | 924,683 | (76,888) | - | 59,660,475 |
| Municipal securities | 39,021,065 | 324,313 | (2,343,437) | - | 37,001,941 |
| Mortgage-backed securities | 3,265,123 | 16,679 | (19,467) | - | 3,262,335 |
| Asset-backed securities | 16,674,965 | 111,262 | (853) | - | 16,785,374 |
| Total available for sale fixed-maturity investments | <u>\$ 162,157,077</u> | <u>\$ 1,610,992</u> | <u>\$ (2,455,746)</u> | <u>\$ -</u> | <u>\$ 161,312,323</u> |
| Unrealized (gain) loss reclassified to funds held as it inures to a reinsurer | \$ - | \$ (1,087,262) | \$ - | \$ - | \$ - |
| Equity securities available for sale | 1,035,650 | 5,946 | (342) | - | 1,041,254 |
| Total investment portfolio | <u>\$ 163,192,727</u> | <u>\$ 529,676</u> | <u>\$ (2,456,088)</u> | <u>\$ -</u> | <u>\$ 162,353,577</u> |

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. INVESTMENTS (Cont'd)

| | Included in Accumulated Other Comprehensive Income (Loss) ("AOCI") | | | | |
|---|---|---------------------------------------|--|--------------------|---------------------------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses ⁽³⁾ | | Estimated Fair Value |
| Related to Changes in Estimated Fair Value | | | CECL Included in Other Comprehensive Income (Loss) ⁽¹⁾ | | |
| 2024 | | | | | |
| US Treasuries and government agencies ⁽²⁾ | \$ 27,162,616 | \$ 137,081 | \$ (54,733) | \$ - | \$ 27,244,964 |
| Corporate debt securities | 55,658,234 | 206,404 | (567,835) | - | 55,296,803 |
| Municipal securities | 46,442,775 | 25,410 | (3,819,422) | - | 42,648,763 |
| Mortgage-backed securities | 3,535,148 | - | (135,333) | - | 3,399,815 |
| Asset-backed securities | 15,064,766 | 38,171 | (60,331) | - | 15,042,606 |
| Total available for sale fixed-maturity investments | <u>\$ 147,863,539</u> | <u>\$ 407,066</u> | <u>\$ (4,637,654)</u> | <u>\$ -</u> | <u>\$ 143,632,951</u> |
| Unrealized loss reclassified to funds held As it inures to a reinsurer | \$ - | \$ - | \$ 669,808 | \$ - | \$ - |
| Total investment portfolio | <u><u>\$ 147,863,539</u></u> | <u><u>\$ 407,066</u></u> | <u><u>\$ (3,967,846)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 143,632,951</u></u> |

(1) Represents the amount of CECL losses in accumulated other comprehensive income ("AOCI") since adoption of the accounting guidance for CECL.

(2) Including US Government temporary liquidity guarantee program securities.

(3) (\$1.1) million and \$0.7 million at December 31, 2025 and 2024, respectively of the unrealized appreciation or depreciation related to a reinsurer is included in funds held instead of accumulated other comprehensive income as the investments are pledged and all related investment movements, income, expenses, etc inure back to the reinsurer not the Company. This is reflected in the OACM balance included in collateral (see Note 15).

The Company did not have an aggregate investment in a single entity in excess of 10% of total investments at December 31, 2025 and 2024. The Company had no material investments in securities guaranteed by third parties and had no direct investments in financial guarantors as at December 31, 2025 and 2024.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. INVESTMENTS (Cont'd)

The amortized cost and estimated fair value of fixed-maturity securities classified as available-for-sale, as of December 31, 2025 and 2024, by contractual maturity, are shown below. Expected maturities differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

| | December 31, 2025 | | December 31, 2024 | |
|-----------------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | Amortized | Estimated | Amortized | Estimated |
| | Cost | Fair Value | Cost | Fair Value |
| Less than one year | \$ 24,587,016 | \$ 24,628,476 | \$ 28,635,323 | \$ 28,556,722 |
| One through five years | 85,607,556 | 86,159,454 | 69,089,992 | 67,819,908 |
| Greater than five years | 32,022,417 | 30,476,684 | 31,538,310 | 28,813,900 |
| Mortgage-backed securities: | | | | |
| RMBS | 3,265,123 | 3,262,335 | 3,535,148 | 3,399,815 |
| Asset-backed securities | 16,674,965 | 16,785,374 | 15,064,766 | 15,042,606 |
| Total | \$ 162,157,077 | \$ 161,312,323 | \$ 147,863,539 | \$ 143,632,951 |

The investments that have unrealized loss positions as of December 31, 2025 and 2024, aggregated by investment category and the length of time they have been in a continuous unrealized loss position, are as follows:

| | Less than 12 Months | | 12 Months or More | | Total | |
|---------------------------------------|----------------------------|------------------------|--------------------------|------------------------|----------------------|------------------------|
| | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| 2025: | | | | | | |
| Fixed-maturity investments: | | | | | | |
| US Treasuries and government agencies | \$ 2,820,240 | \$ (3,161) | \$ 1,394,165 | \$ (11,940) | \$ 4,214,405 | \$ (15,101) |
| Corporate debt securities | 4,671,220 | (12,341) | 5,321,817 | (64,547) | 9,993,037 | (76,888) |
| Municipal securities | - | - | 20,073,061 | (2,343,437) | 20,073,061 | (2,343,437) |
| Mortgage-backed securities | - | - | 565,675 | (19,467) | 565,675 | (19,467) |
| Asset-backed securities | - | - | 245,869 | (853) | 245,869 | (853) |
| Total temporarily impaired securities | <u>\$ 7,491,460</u> | <u>\$ (15,502)</u> | <u>\$ 27,600,587</u> | <u>\$ (2,440,244)</u> | <u>\$ 35,092,047</u> | <u>\$ (2,455,746)</u> |
| 2024: | | | | | | |
| Fixed-maturity investments: | | | | | | |
| US Treasuries and government agencies | \$ 5,820,375 | \$ (19,569) | \$ 867,630 | \$ (35,164) | \$ 6,688,005 | \$ (54,733) |
| Corporate debt securities | 16,533,966 | (226,345) | 19,635,231 | (341,490) | 36,169,197 | (567,835) |
| Municipal securities | 15,637,173 | (268,875) | 23,237,890 | (3,550,547) | 38,875,062 | (3,819,422) |
| Mortgage-backed securities | 3,399,816 | (135,333) | - | - | 3,399,816 | (135,333) |
| Asset-backed securities | 5,604,775 | (32,058) | 2,198,402 | (28,273) | 7,803,177 | (60,331) |
| Total temporarily impaired securities | <u>\$ 46,996,105</u> | <u>\$ (682,180)</u> | <u>\$ 45,939,153</u> | <u>\$ (3,955,474)</u> | <u>\$ 92,935,257</u> | <u>\$ (4,637,654)</u> |

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. INVESTMENTS (Cont'd)

The following table sets forth the investment ratings of the Company's available-for-sale corporate fixed income securities as at December 31, 2025 and 2024. Ratings are assigned by Standard & Poor's or AM Best in instances where Standard & Poor's do not issue a rating.

| December 31, 2025 | <u>Amortized Cost</u> | <u>%</u> |
|--------------------------|-----------------------|-------------|
| AAA | \$ 27,174,498 | 16.8% |
| AA | 69,599,185 | 42.9% |
| A | 58,544,357 | 36.1% |
| BBB and below | 6,839,037 | 4.2% |
| | <u>\$ 162,157,077</u> | <u>100%</u> |

| December 31, 2024 | <u>Amortized Cost</u> | <u>%</u> |
|--------------------------|-----------------------|-------------|
| AAA | \$ 20,172,115 | 13.6% |
| AA | 65,336,351 | 44.2% |
| A | 53,720,955 | 36.3% |
| BBB and below | 8,634,118 | 5.9% |
| | <u>\$ 147,863,539</u> | <u>100%</u> |

As of December 31, 2025, 99 out of 338 fixed maturity securities were in unrealized loss positions compared to 226 out of 319 as of December 31, 2024. As at December 31, 2025, the Company's unrealized loss position for fixed maturity securities was \$2.5 million compared to \$4.6 million at December 31, 2024. None of securities in an unrealized loss position was related to securities below investment grade or not rated. Unrealized gains and losses relating to fixed maturity investments, excluding any credit loss portion, are currently recorded in accumulated other comprehensive income in shareholders' equity as the Company does not intend to sell the securities in an unrealized loss position and it is more likely than not that the Company will not be required to sell these securities before the anticipated recovery of their amortized costs. Eighty-five of the securities have been in an unrealized loss position for 12 months or more as of December 31, 2025 and there were one hundred twenty-nine securities in an unrealized loss position for 12 months or more as of December 31, 2024.

Proceeds from maturities and sales of investments in fixed-maturity securities available for sale during the years ended December 31, 2025 and 2024 were \$52.1 million and \$32.2 million, respectively. Gross gains of \$14,307 and \$46,601 dollars in the years ended December 31, 2025 and 2024, respectively, and gross losses of \$122,704 and nil in the years ended December 31, 2025 and 2024, respectively, were realized on those sales.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. INVESTMENTS (Cont'd)

Major categories of net investment income (expense) are summarized as follows for the years ended December 31, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Interest from fixed-maturity securities | \$ 5,374,948 | \$ 4,555,174 |
| Interest from cash equivalents | 533,172 | 330,124 |
| Dividend Income | 41,413 | - |
| Amortization | 932,697 | 974,800 |
| Income credit for funds held | (4,661,329) | (4,351,857) |
| Investment expense | <u>(181,798)</u> | <u>(106,809)</u> |
| Net Investment income (expense) | <u>\$ 2,039,103</u> | <u>\$ 1,401,432</u> |

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements

The Company follows the guidance of ASC 820 for fair value measurement of financial instruments. ASC 820 establishes a hierarchy of inputs in measuring fair value, with the highest level being observable inputs and the lowest being unobservable data, with the standard requiring that the use of observable inputs is maximized (see Note 2(i) - Significant Accounting Policies – Fair Value Measurements for a description of each of the three levels).

The following table presents the fair value measurement levels for assets and liabilities, which the Company has recorded at fair value as of December 31, 2025 and 2024. As required by ASC 820, items are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

| | Fair Value Measurements at Reporting Date Using | | | |
|---|---|---|---|--|
| | Balance as of December 31, <u>2025</u> | Quoted Prices in Active Markets for Identical <u>Assets (Level 1)</u> | Significant Other Observable <u>Inputs (Level 2)</u> | Significant Unobservable <u>Inputs (Level 3)</u> |
| Financial Assets: | | | | |
| U.S. treasuries and government agencies | \$ 44,602,198 | \$ 38,649,881 | \$ 5,952,317 | \$ - |
| Corporate debt securities | 59,660,475 | - | 59,660,475 | - |
| Municipal securities | 37,001,941 | - | 37,001,941 | - |
| Mortgage-backed securities | 3,262,335 | - | 3,262,335 | - |
| Asset-back securities | 16,785,374 | - | 16,785,374 | - |
| Investments available for sale fixed maturity investments | 161,312,323 | 38,649,881 | 122,662,442 | - |
| Equity investments available for sale | 1,041,254 | 1,041,254 | - | - |
| Cash and Cash Equivalents | 45,140,202 | - | - | - |
| Restricted Cash | 843,097 | - | - | - |

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

| | Fair Value Measurements at Reporting Date Using | | | |
|---|---|---|---|--|
| | Balance as of December 31, <u>2024</u> | Quoted Prices in Active Markets for Identical <u>Assets (Level 1)</u> | Significant Other Observable <u>Inputs (Level 2)</u> | Significant Unobservable <u>Inputs (Level 3)</u> |
| Financial Assets: | | | | |
| U.S. treasuries and government agencies | \$ 27,244,964 | \$ 27,244,964 | \$ - | \$ - |
| Corporate debt securities | 55,296,803 | - | 55,296,803 | - |
| Municipal securities | 42,648,763 | - | 42,648,763 | - |
| Mortgage-backed securities | 3,399,815 | - | 3,399,815 | - |
| Asset-back securities | 15,042,606 | - | 15,042,606 | - |
| Investments available for sale fixed maturity investments | 143,632,951 | 27,244,964 | 116,387,987 | - |
| Cash and Cash Equivalents | 46,599,640 | - | - | - |
| Restricted Cash | 4,860,911 | - | - | - |

Fixed-maturity investments

The Company's fair values of fixed-maturity and short-term investments are based on prices obtained from nationally recognized independent pricing services. Where available, the prices are obtained from market quotations in active markets. Where there is no quoted price for an identical security, then the pricing service may use matrix pricing or model processes, such as the option adjusted spread model, to estimate the fair value of a security. The matrix pricing or model processes consist primarily of observable inputs, which may include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. The Company receives at least one fair value price for each of its investment securities and has not adjusted any of the prices received from the pricing services. At December 31, 2025 and 2024, all the Company's securities were valued using the independent pricing services.

As management is ultimately responsible for determining the fair value measurements for all securities, the Company assesses the reasonableness of the fair values received by comparing them to other pricing information readily available and management's knowledge of the current markets. The Company also assesses the pricing methodologies and related inputs used by the pricing services to estimate fair value. Any prices that, in management's opinion, may not be representative of fair value are challenged with the pricing service. Based on the information obtained from the above reviews, the Company evaluated the fixed-maturity securities in the investment portfolio to determine the appropriate fair value hierarchy level in accordance with ASC 820. Based on the Company's evaluation, each security was classified as Level 1, 2, or 3. Prices with observable market inputs, money market funds and US treasuries were classified as Level 2. There were no market inputs classified as Level 3 as of December 31, 2025 and 2024.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

Equity investments

The Company's equity investments are comprised of funds invested in a range of diversified strategies. In accordance with U.S. GAAP, the fair values of the funds are based on the unadjusted net asset value of the funds and as such, the Company has adopted NAV as a practical expedient and this is not presented in the levelling table. The Company validates these prices through agreeing net asset values to audited financial statements where available, in conjunction with regular discussion and analysis of the investment portfolio's structure.

Other fair value disclosures

Management has estimated the fair value of certain financial instruments based upon market information using appropriate valuation methodologies. Fair value estimates are not necessarily indicative of the amount the Company could realize in a current market exchange.

The Company considers carrying amounts of cash and cash equivalents, interest, other assets, accounts payable and accrued liabilities to be reasonable estimates of their fair values.

Carrying value of all financial assets and liabilities is equivalent to fair value.

6. CURRENT EXPECTED CREDIT LOSSES

As of December 31, 2025 and 2024, it was determined there were no expected credit losses related to investments, premium receivables, or reinsurance recoverables.

7. GUARANTY FUND ASSET

During 2025, \$0.9 million was paid by the Company's subsidiaries for guaranty fund assessments related to 2025. During 2024, \$0.7 million was paid by the Company's subsidiaries for guaranty fund assessments related to 2024. Liabilities of nil was recorded related to amounts that the Company received notice of being payable, but not yet paid as of December 31, 2025 and 2024, respectively. The Company has recorded \$2.7 million and \$2.2 million in Other Assets related to credits that can be taken against future premium tax assessments as of December 31, 2025 and 2024, respectively.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. LOSSES AND LOSS EXPENSE RESERVE

The Company's loss and loss expense reserve as of December 31, 2025, represented case basis loss reserves and incurred but not reported reserves. Refer to Note 2 - Significant Accounting Policies for a description of the Company's accounting policy for insurance losses.

A summary of the movement in the provision for losses and LAE for the years ended December 31, 2025 and 2024 is presented in the following table:

| | 2025 | 2024 |
|---------------------------------|------------------------------|------------------------------|
| Losses and loss expense reserve | | |
| Balance - Beginning of year | \$ 421,018,063 | \$ 332,657,295 |
| Less: reinsurance recoverable | (400,342,137) | (318,926,827) |
| | <u>20,675,926</u> | <u>13,730,468</u> |
| Net balance - Beginning of year | | |
| Incurred related to: | | |
| Current year | 30,629,029 | 33,722,781 |
| Prior years | (1,720,406) | (573,985) |
| Premium deficiency reserve | (30,439) | (114,292) |
| Total incurred | <u>28,878,184</u> | <u>33,034,504</u> |
| Net losses paid related to: | | |
| Current year | (15,268,379) | (17,046,754) |
| Prior years | (13,335,628) | (9,042,292) |
| Total Paid | <u>(28,604,007)</u> | <u>(26,089,046)</u> |
| Net balance - End of period | 20,950,103 | 20,675,926 |
| Add: reinsurance recoverable | 444,451,029 | 400,342,137 |
| Balance - End of year | <u><u>\$ 465,401,132</u></u> | <u><u>\$ 421,018,063</u></u> |

For the year ended December 31, 2025, the Company incurred loss and LAE of \$28.9 million (2024: \$33.0 million). Incurred losses and LAE related to the current year are \$30.6 million (2024: \$33.7 million). The estimates used in establishing these reserves are continually reviewed and updated. Any resulting adjustments are reflected in current operations. Due to the nature of insurance risks written, including the impact of changes in claims severity, frequency, and other factors, the reserves established for losses and loss adjustment expenses may be more or less than the amount ultimately paid upon settlement of the claims. As a result of changes in estimates of insured events in prior years, the Company experienced favorable development in the reserve for loss and loss adjustment expense for prior years of approximately \$1.7 million and \$0.6 million in 2025 and 2024, respectively.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. LOSSES AND LOSS EXPENSE RESERVE (cont'd)

The following presents information about incurred and paid claims development for the short-term duration contracts as of December 31, 2025, net of reinsurance. The information about incurred and paid claims development for the 2016 to 2025 years, and the average annual percentage payout of incurred claims by age as of December 31, 2025, is presented as required supplementary information. Claims count information is not reflected in the below tables. Due to the role of the U.S subsidiaries in the non-standard auto and the reinsurance business this information is not available.

| Incurring loss and allocated loss adjustment expenses, net of reinsurance For the Years Ended December 31, | | | | | | | | | | | Total of incurred- but-not- reported liabilities plus expected |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---|
| Accident Year (dollars in thousands) | (unaudited) 2016 | (unaudited) 2017 | (unaudited) 2018 | (unaudited) 2019 | (unaudited) 2020 | (unaudited) 2021 | (unaudited) 2022 | (unaudited) 2023 | (unaudited) 2024 | (unaudited) 2025 | |
| 2016 | \$ 3,072 | \$ 3,388 | \$ 3,223 | \$ 3,137 | \$ 3,107 | \$ 3,105 | \$ 3,099 | \$ 3,099 | \$ 3,099 | \$ 3,099 | \$ - |
| 2017 | | 3,125 | 2,852 | 2,699 | 2,631 | 2,629 | 2,631 | 2,631 | 2,630 | 2,630 | - |
| 2018 | | | 1,966 | 1,858 | 1,804 | 1,805 | 1,806 | 1,805 | 1,805 | 1,805 | - |
| 2019 | | | | 4,070 | 4,164 | 4,122 | 4,095 | 4,087 | 4,089 | 4,103 | 3 |
| 2020 | | | | | 8,963 | 8,888 | 8,785 | 8,769 | 8,748 | 8,742 | 17 |
| 2021 | | | | | | 14,442 | 14,528 | 14,391 | 14,363 | 14,345 | 81 |
| 2022 | | | | | | | 14,614 | 14,212 | 14,079 | 14,042 | 183 |
| 2023 | | | | | | | | 20,834 | 20,441 | 20,232 | 625 |
| 2024 | | | | | | | | | 33,723 | 32,258 | 2,878 |
| 2025 | | | | | | | | | | 30,629 | 9,050 |
| | | | | | | | | | | \$ 131,885 | \$ 12,837 |

| Cumulative paid claims and allocated loss adjustment expenses, net of reinsurance For the Years Ended December 31, | | | | | | | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Accident Year (dollars in thousands) | (unaudited) 2016 | (unaudited) 2017 | (unaudited) 2018 | (unaudited) 2019 | (unaudited) 2020 | (unaudited) 2021 | (unaudited) 2022 | (unaudited) 2023 | (unaudited) 2024 | (unaudited) 2025 |
| 2016 | \$ 1,980 | \$ 2,794 | \$ 2,952 | \$ 2,978 | \$ 2,993 | \$ 2,993 | \$ 2,993 | \$ 2,996 | \$ 2,996 | \$ 2,996 |
| 2017 | | 1,810 | 2,571 | 2,694 | 2,714 | 2,721 | 2,730 | 2,733 | 2,734 | 2,734 |
| 2018 | | | 1,071 | 1,409 | 1,444 | 1,459 | 1,464 | 1,468 | 1,468 | 1,468 |
| 2019 | | | | 2,034 | 3,300 | 3,691 | 3,804 | 3,852 | 3,864 | 3,896 |
| 2020 | | | | | 4,932 | 8,258 | 8,962 | 9,178 | 9,240 | 9,264 |
| 2021 | | | | | | 7,706 | 12,933 | 14,085 | 14,467 | 14,607 |
| 2022 | | | | | | | 6,961 | 12,169 | 13,424 | 13,795 |
| 2023 | | | | | | | | 9,499 | 16,827 | 18,500 |
| 2024 | | | | | | | | | 17,047 | 28,144 |
| 2025 | | | | | | | | | | 15,268 |
| | | | | | | | | | | \$ 110,672 |

| | | | | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|---|
| All outstanding liabilities before 2013, net of reinsurance | | 72 | 21 | 14 | - | 14 | 14 | 16 | - | - |
| Liabilities for claims and claims adj expense, net of reinsurance | \$ 3,393 | \$ 1,636 | \$ 2,570 | \$ 5,117 | \$ 7,929 | \$ 9,466 | \$ 13,570 | \$ 20,614 | \$ 20,919 | |

| Average annual percentage payout of incurred claims by age, net of reinsurance | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Years | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| | 55% | 32% | 6% | 2% | 1% | 0% | 0% | 0% | 0% | 0% |

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. LOSSES AND LOSS EXPENSE RESERVE (cont'd)

**Reconciliation of the disclosure of incurred and paid claims development to the liability
for unpaid claims and claims adjustment expenses**

2025

Net Outstanding Liabilities

| | |
|---|------------------------------|
| Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance | \$ 20,950,103 |
| Total reinsurance recoverable on unpaid claims | <u>444,451,029</u> |
| | <u>465,401,132</u> |
| | |
| Total gross liability for unpaid claims and claims adjustment expense | <u><u>\$ 465,401,132</u></u> |

9. SEGMENT INFORMATION

The determination of reportable segments is based on how management monitors the Company's underwriting operations. Management monitors the performance of its underwriting operations based on the markets and customers served and the type of accounts written. The Company is currently organized into two operating segments: property/casualty insurance/reinsurance and corporate/other. All product lines fall within these classifications. The property/casualty segment provides insurance and reinsurance related to US short-tail personal lines.

The separate financial information is presented consistent with the way results are regularly evaluated by the Company's Chief financial officer, in his role as chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. Results of the reporting segments are evaluated based on operating income (loss) before interest expense and income taxes, which excludes certain items that are included in net income, such as net realized and unrealized investment gains and losses. Such gains and losses are excluded since they are determined by interest rates, financial markets and the timing of sales. Also, operating income (loss) before interest expense and income taxes excludes net gains and losses on disposals of businesses, gains and losses related to the repayment of debt, discontinued operations, costs to acquire businesses, restructuring costs, the cumulative effect of accounting changes and certain other items. Although the items excluded from operating income (loss) before interest expense and income taxes may be important components in understanding and assessing the Company's overall financial performance, management believes that the presentation of operating income (loss) before interest expense and income taxes enhances an investor's understanding of the Company's results of operations by highlighting net income attributable to the core operations of the business. However, operating income (loss) before interest expense and income taxes should not be construed as a substitute for income before income taxes or income from continuing operations or as a substitute for net income.

The following tables provide a summary of the segment results.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. SEGMENT INFORMATION (cont'd)

| | December 31, 2025 | | |
|--|---------------------------------|-------------------------|---------------------|
| | <u>Property/Casualty</u> | <u>Corporate</u> | <u>Total</u> |
| Net premiums earned | \$ 50,035,215 | \$ - | \$ 50,035,215 |
| Losses and loss adjustment expenses | (28,878,184) | - | (28,878,184) |
| Acquisition expenses | (16,397,784) | - | (16,397,784) |
| Underwriting gain (loss) | 4,759,247 | - | 4,759,247 |
| Fee income | 23,139,274 | - | 23,139,274 |
| Net investment income (expense) | 2,039,103 | - | 2,039,103 |
| Other income (expense) | 136,355 | - | 136,355 |
| Operating expenses | (12,953,929) | (862,747) | (13,816,676) |
| Net income (loss) before interest and income taxes | \$ 17,120,050 | \$ (862,747) | \$ 16,257,303 |
| Interest expense | | | (2,155,304) |
| Net income (loss) before income taxes | | | 14,101,999 |
| Non-operating income (loss) items | | | - |
| Net realized gain (loss) on sales of investments | | | (108,397) |
| Net income (loss) before income taxes | | | \$ 13,993,602 |

| | December 31, 2024 | | |
|--|---------------------------------|-------------------------|---------------------|
| | <u>Property/Casualty</u> | <u>Corporate</u> | <u>Total</u> |
| Net premiums earned | \$ 51,610,156 | \$ - | \$ 51,610,156 |
| Losses and loss adjustment expenses | (33,034,504) | - | (33,034,504) |
| Acquisition expenses | (14,811,556) | - | (14,811,556) |
| Underwriting gain (loss) | 3,764,096 | - | 3,764,096 |
| Fee income | 22,078,383 | - | 22,078,383 |
| Net investment income (expense) | 1,401,432 | - | 1,401,432 |
| Other income (expense) | 87,291 | - | 87,291 |
| Operating expenses | (11,678,497) | (1,232,950) | (12,911,447) |
| Net income (loss) before interest and income taxes | \$ 15,652,705 | \$ (1,232,950) | \$ 14,419,755 |
| Interest expense | | | (2,313,080) |
| Net income (loss) before income taxes | | | 12,106,675 |
| Non-operating income (loss) items | | | - |
| Net realized gain (loss) on sales of investments | | | 46,601 |
| Net income (loss) before income taxes | | | \$ 12,153,276 |

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. COMMITMENTS AND CONTINGENCIES

The insurance and reinsurance subsidiaries of the Company are involved in various claims and legal actions arising in the ordinary course of business. Some claims allege breach of good faith and fair dealing; however, those entities are vigorously defending their position, and in the opinion of management, the ultimate outcome of these matters will not have a material adverse effect on the Company's financial position, results of operations or cashflows.

11. LEASES

The Company has 3 operating leases comprised of two vehicles and office space. The vehicles have remaining lease terms of 1.42 and 1.92 years with fixed lease payments. The Company renegotiated a lease extension on the office space on September 10, 2025 to extend the original lease to January 31, 2034 which results in a remaining lease term of 8.08 years, including a lease schedule reflecting increases each year and includes renewal options up to 10 years.

The components of lease expense were as follows:

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|----------------------|--------------------------|--------------------------|
| Operating lease cost | \$ 208,684 | \$ 329,450 |
| Total lease cost | \$ 208,684 | \$ 329,450 |

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities

| | | |
|--|------------|------------|
| Operating cash flows from operating leases | \$ 238,719 | \$ 355,635 |
|--|------------|------------|

Supplemental balance sheet information related to leases was as follows:

| | | |
|-------------------------------------|--------------|--------------|
| Operating lease right-of-use assets | \$ 1,909,516 | \$ 1,042,536 |
| Current operating lease liabilities | \$ 1,978,890 | \$ 1,195,989 |

Other information:

| | | |
|---|-------|-------|
| Weight average remaining lease term - operating | 7.82 | 3.56 |
| Weight average discount rate - operating | 6.10% | 6.31% |

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. LEASES (cont'd)

Future minimum lease payments as of December 31, 2025 are as follows:

| | | |
|-----------------|----|------------------|
| 2026 | \$ | 324,049 |
| 2027 | | 364,108 |
| 2028 | | 312,877 |
| 2029 | | 275,787 |
| 2030 | | 284,064 |
| Thereafter | | <u>930,792</u> |
| Total | \$ | 2,491,677 |
| Less: Interest | | <u>(512,787)</u> |
| Lease Liability | \$ | 1,978,890 |

As of December 31, 2025, the Company has no additional operating leases that have not yet commenced.

12. SHARE CAPITAL

As at December 31, 2025 and 2024, authorized common share capital was \$9,000,000. As at December 31, 2025 and 2024, there were 10,000,000 authorized undesignated preference shares with a par value of \$0.10 each. Common shares and additional paid in capital are presented net of treasury shares held by the company and its subsidiaries.

The following table shows a roll forward of the issued, outstanding and unissued common shares for the years ended December 31, 2025 and 2024:

| | Outstanding share capital | Outstanding Shares | Treasury Shares | Issued Shares | Unissued Shares |
|--|------------------------------|-----------------------|--------------------|---------------|-----------------|
| As at December 31, 2023 | <u>\$ 4,697,900</u> | <u>46,979</u> | <u>42</u> | <u>47,021</u> | <u>42,979</u> |
| Issued restricted stock awards during the year | - | - | - | - | - |
| As at December 31, 2024 | <u>\$ 4,697,900</u> | <u>46,979</u> | <u>42</u> | <u>47,021</u> | <u>42,979</u> |
| Issued restricted stock awards during the year | - | - | - | - | - |
| As at December 31, 2025 | <u>\$ 4,697,900</u> | <u>46,979</u> | <u>42</u> | <u>47,021</u> | <u>42,979</u> |

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE BASED COMPENSATION

As of April 26, 2006, AOG adopted the 2006 Equity Plan (the “AOG Plan”). The number of common shares that may be issued under the AOG Plan may not exceed 4,500. In the event of certain transactions affecting the common shares of the Company, the number or type of shares subject to the AOG Plan, the number and type of shares subject to outstanding awards under the Plan, and the exercise price of awards under the AOG Plan will be adjusted in accordance with the terms of the AOG Plan. The AOG Plan authorizes the grant of share options, share appreciation rights, share awards, restricted share units, performance units, or other awards that are based on AOG’s common shares. The awards granted are contingent on the achievement of service conditions during a specified period and may be subject to a risk of forfeiture or other restrictions that will lapse upon the achievement of one or more goals relating to completion of service by the participant. Awards under the AOG Plan may accelerate and become vested upon a change in control of the Company. The AOG Plan is administered by the Board of Directors and is subject to amendment or termination by the board. As the AOG plan expired May 1, 2023, no further shares could be issued from the plan, but the remaining exercisable stock options were still eligible for redemption. The remaining shares will expire per the share option certificate option term.

As of December 31, 2025, outstanding awards under the AOG Plan consisting of 325 share options and nil restricted share units had been granted to the Company’s directors, officers, employees and consultants. Each of the options vest in equal annual installments over a four-year period and will expire at the earlier of the tenth anniversary of the date of grant or the expiration of the AOG Plan. The grant price is the average of the highest and lowest quoted selling price on the grant date. In 2025 and 2024, there were no stock options granted.

Stock options

Compensation cost is recognized on a straight-line basis over the vesting period and is net of estimated pre-vesting forfeitures of 10% for both periods. The estimated forfeiture rate is based on future forfeiture expectations. At December 31, 2025, the weighted average grant date fair value for options issued subsequent to January 1, 2006 was \$700.00. The Company expensed \$0.2 million and nil in bonus related to the stock options for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025, there was nil of unrecognized compensation expense related to the stock options granted subsequent to January 1, 2006. For both the twelve-month periods ended December 31, 2025 and 2024, the Company recognized no compensation expense for share options with an exercise price less than the market value of the underlying common shares on the date of the grant.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE BASED COMPENSATION (cont'd)

The following tables summarize the stock option activity for the years ended December 31, 2025 and 2024:

Stock option activity

| | Number of Shares | Weighted Average Exercise Price Per Share | Weighted Average Remaining Contractual Life | Aggregate Intrinsic Value ⁽¹⁾ |
|-------------------------------------|-----------------------------|--|--|---|
| Year ended December 31, 2025 | | | | |
| Options | | | | |
| Outstanding - beginning of year | 1,025 | \$ 802.44 | | |
| Granted | - | - | | |
| Exercised/Released | (700) | 850.00 | | |
| Expired | - | - | | |
| Forfeited | - | - | | |
| Outstanding - end of year | <u>325</u> | \$ 700.00 | 1.22 | \$ 195,000 |
| Exercisable - end of year | 325 | \$ 700.00 | 1.22 | \$ 195,000 |

| | Number of Shares | Weighted Average Exercise Price Per Share | Weighted Average Remaining Contractual Life | Aggregate Intrinsic Value ⁽¹⁾ |
|-------------------------------------|-----------------------------|--|--|---|
| Year ended December 31, 2024 | | | | |
| Options | | | | |
| Outstanding - beginning of year | 1,275 | \$ 800.00 | | |
| Granted | - | - | | |
| Expired | - | - | | |
| Forfeited | (250) | 790.00 | | |
| Outstanding - end of year | <u>1,025</u> | 802.44 | 1.36 | \$ - |
| Exercisable - end of year | 1,025 | \$ 802.44 | 1.36 | \$ - |

- 1) The aggregate intrinsic value was calculated based on the market value of \$1,300.00 and \$350.00 as at December 31, 2025 and 2024, respectively, and is calculated as the difference between the market value and the exercise price of the underlying options.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share shows the dilutive effect of all stock options and restricted share units outstanding during the period that could potentially result in the issuance of common shares. The calculation of diluted earnings (loss) per share excludes the dilutive effect of stock options and restricted share awards outstanding because it would otherwise have an anti-dilutive effect on net earnings (loss) per share. The weighted average number of common and common share equivalents outstanding is calculated using the treasury stock method for all potentially dilutive securities.

As of December 31, 2025 and 2024, there were 325 and 1,025, respectively, of stock options excluded from the diluted earnings (loss) per share calculation because they were anti-dilutive.

The table sets forth the computation of basic and diluted earnings per share for following:

| | <u>2025</u> | <u>2024</u> |
|--|---------------|--------------|
| Net income (loss) available to common shareholders | \$ 10,825,889 | \$ 9,399,814 |
| Basic weighted-average shares | 46,979 | 46,979 |
| Effect of stock options | - | - |
| Effect of restricted share units | - | - |
| Diluted weighted-average shares | 46,979 | 46,979 |
| Basic earnings (loss) per share | \$ 230.44 | \$ 200.09 |
| Diluted earnings (loss) per share | \$ 230.44 | \$ 200.09 |

15. RISKS AND UNCERTAINTIES

The Company evaluates its financial condition and capital adequacy on an ongoing basis and may pursue a different set of strategies in the future. There can be no assurance that the strategies that have been implemented or that will be pursued in the future in connection with this evaluation will improve the Company’s business, financial condition, liquidity or results of operations or will not have a material adverse effect on the Company. Management believes that the Company has sufficient capital resources and liquidity to meet its obligations and therefore that the Company remains a “going concern.”

AOG is a holding company and therefore its liquidity, both on a short-term basis (for the next twelve months) and a long-term basis (beyond the twelve months), is largely dependent upon (1) the ability of its subsidiaries to pay dividends or make other payments to AOG and (2) its ability to access debt and equity markets. AOG’s principal uses of liquidity are for payment of operating expenses, and capital investments in its subsidiaries. As of December 31, 2025, AOG has \$0.1 million of cash and investments and believes that it will have sufficient liquidity to meet its requirements over at least the next twelve months. The subsidiaries’ ability to declare and pay dividends to AOG may be influenced by a variety of factors such as adverse loss development, amount and timing of claims payments, adverse market changes, insurance regulatory changes, changes in general economic conditions beyond the next twelve months and Barbados law. The Company believes that AOG’s expected liquidity needs can be funded from its operating subsidiaries for the next twelve months.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. RISKS AND UNCERTAINTIES (cont'd)

AOG's property/casualty segment generates substantial cash flows from its fee-based model. The principal uses of liquidity for those entities are the payment of operating expenses, debt service on subsidiary notes and capital investment in property/casualty subsidiaries. The property/casualty subsidiaries are highly leveraged through their reinsurance arrangements, and disputes with reinsurers could severely impact the liquidity of these subsidiaries. The property/casualty subsidiaries attempt to mitigate this exposure by holding collateral from their reinsurers. At December 31, 2025, the subsidiaries held \$295.9 million of collateral compared to \$251.9 million of balances at December 31, 2024 and such amounts are included in reinsurance balances received net on the consolidated balance sheet.

At December 31, 2025, the Company had \$208.3 million of cash and investments of which approximately \$172.8 million was held in trust for the benefit of our ceding companies and others, leaving \$35.5 million cash and investments available to support ongoing business. See Note 3 – Pledged Assets, for further information regarding these trust accounts.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. VARIABLE INTEREST ENTITIES

OACM is a mutual insurance company that is owned by its policyholders; however, the Company, through a management contract in place between OACM and the Company's affiliate OAS, effectively has complete control over OACM as management has the power to direct activities that significantly impact the entities economic performance, and is therefore the primary beneficiary. The Company has determined that OACM is a variable interest entity and is included in these consolidated financial statements. The interests that OACM's policyholders have in its financial position are included as non-owned interest in VIE totaling \$0.3 million at December 31, 2025 and 2024.

Creditors have no recourse against the Company in the event of default by OACM nor does the Company have any implied or unfunded commitments to OACM. The Company's financial or other support provided to OACM is limited to its management services and original investment.

The following OACM balances have been included in the Company's consolidated financial statements at December 31, 2025 and 2024 with appropriate eliminations being made for intercompany balances:

| | <u>2025</u> | <u>2024</u> |
|--|--------------------------------|------------------------------|
| ASSETS: | | |
| Cash | \$ 34,286,915 | \$ 33,956,829 |
| Investments | 112,227,646 | 102,235,698 |
| Premiums receivable | 175,260,840 | 166,719,347 |
| Reinsurance balances receivable | 427,008,426 | 367,918,130 |
| Deferred reinsurance premiums | 268,449,477 | 230,378,752 |
| Other assets | 1,450,829 | 1,316,356 |
| Total assets | <u>\$ 1,018,684,133</u> | <u>\$ 902,525,112</u> |
| LIABILITIES: | | |
| Unpaid losses and loss adjustment expenses | \$ 399,563,033 | \$ 346,184,191 |
| Unearned premium | 268,449,477 | 230,378,752 |
| Ceded premium payable | 197,558,673 | 186,453,178 |
| Payable to general agents | 254,847 | 103,267 |
| Funds withheld | 129,737,196 | 117,271,209 |
| Accounts payable and accrued expenses | 16,961,809 | 15,489,649 |
| Due to parent and affiliates | 1,159,098 | 1,644,866 |
| Total liabilities | <u>\$ 1,013,684,133</u> | <u>\$ 897,525,112</u> |
| EQUITY: | | |
| Policyholders' surplus | \$ 300,000 | \$ 300,000 |
| Surplus debenture | 4,700,000 | 4,700,000 |
| Total equity | <u>\$ 5,000,000</u> | <u>\$ 5,000,000</u> |
| Total Liabilities and Equity | <u>\$ 1,018,684,133</u> | <u>\$ 902,525,112</u> |

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. BUSINESS CONCENTRATION

The Company's property casualty insurance subsidiaries, OACM and Old American Indemnity Company ("OAIC"), produce business through unrelated managing general agencies. In 2025, seven of these managing general agencies produced approximately 72.4% of OACM's gross premium writings and 72.0% of the Company's gross written premiums plus policy fees. In 2025, three managing general agent produced approximately 90.8% of OAIC's gross premium writings and 90.9% of the Company's gross written premiums plus policy fees.

18. GOODWILL AND INTANGIBLE ASSETS

The Company performs its impairment analysis of goodwill and indefinite-lived intangible assets annually as of December 31.

In conjunction with the acquisition of OAIC in 2010, the Company recorded intangible assets of \$300,000, representing the fair value of six insurance licenses acquired. The impairment analysis for this indefinite-lived intangible asset is performed on the licenses aggregated as a single unit of accounting. The fair value is determined by comparing the fair value of insurance company licenses based on observable inputs. Based upon the results of the assessment, the Company concluded that the carrying value of this intangible asset was not impaired as of December 31, 2025.

In conjunction with the acquisition of OACM in 2012, the Company recorded intangible assets and goodwill. The impairment analysis for the indefinite-lived asset of \$4,500,000 associated with the insurance license acquired was performed on this license as a unit of accounting separate from the insurance licenses of OAIC. The fair value is determined by comparing the fair value of insurance company licenses, with the underlying assumption that OACM's license continues to represent the value of multiple insurance licenses due to its unique ability to operate under multiple rate filing structures within a single state. Based on the number of active managing agencies using multiple rate filings in OACM, the Company concluded that the carrying value of this intangible asset was not impaired as of December 31, 2025.

The impairment analysis was performed on OACM as the reporting unit. The fair value was determined using a discounted cash flow analysis for the revenues and operating expenses associated with this reporting unit. The fair value was compared to the carrying value of the goodwill and intangible assets net of accumulated amortization, and the fair value exceeded the carrying value of those items. Accordingly, it was determined that the carrying value of goodwill was not impaired as of December 31, 2025.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. GOODWILL AND INTANGIBLE ASSETS (cont'd)

The gross and net carrying amounts of intangible assets by major category as of December 31, 2025 and 2024 are as follows:

| | <u>Gross</u> | <u>Accumulated Amortization</u> | <u>Net</u> |
|-------------------------------|----------------------|-------------------------------------|---------------------|
| As of December 31, 2025 | | | |
| Insurance licenses | \$ 4,800,000 | \$ - | \$ 4,800,000 |
| Customer relationships | 12,100,000 | 12,100,000 | - |
| Internally developed software | <u>350,000</u> | <u>350,000</u> | <u>-</u> |
| Intangible assets | <u>\$ 17,250,000</u> | <u>\$ 12,450,000</u> | <u>\$ 4,800,000</u> |
| As of December 31, 2024 | | | |
| Insurance licenses | \$ 4,800,000 | \$ - | \$ 4,800,000 |
| Customer relationships | 12,100,000 | 12,100,000 | - |
| Internally developed software | <u>350,000</u> | <u>350,000</u> | <u>-</u> |
| Intangible assets | <u>\$ 17,250,000</u> | <u>\$ 12,450,000</u> | <u>\$ 4,800,000</u> |

Insurance licenses are not amortized because they have an indefinite life. Finite-lived intangible assets are amortized over their respective useful lives. Customer relationships were amortized to align with the expected economic benefit of the income associated with those relationships, through 2015. Internally developed software was amortized on a straight-line basis over its useful life of 3 years. The management contract will expire on January 1, 2036. Unless renewed, the Company will not own the rights to manage OACM after that date.

19. NOTES PAYABLE

In 2015, a series of new Series A Secured Senior Notes (the “2015 OACC Notes”) were issued and superseded the note that had been previously issued. The notes will mature on January 1, 2040 and pay interest in quarterly installments at a fixed rate of 12.0% per annum. Principal repayments of \$4.3 million and nil were made in 2025 and 2024, respectively, on the 2015 OACC Notes. As of December 31, 2025, \$0.3 million in interest was accrued and unpaid on the \$10.5 million remaining balance of the 2015 OACC Notes.

In connection with the acquisition of OGL, AOG issued \$43.9 million of Senior Notes (the “AOG Notes”) to the former shareholders of OGL that mature on October 28, 2039. During 2021, the AOG notes were transferred to OACC (now the “2021 OACC Notes”) as a dividend in kind. The terms on the 2021 OACC Notes remain the same. Interest on the 2021 OACC Notes is payable in quarterly installments at a fixed rate of 9.0% per annum. Principal repayments of \$0.7 million and nil were made in 2025 and 2024, respectively, on the 2021 OACC Notes. As of December 31, 2025, \$0.1 million in interest was accrued and unpaid on the remaining balance of \$5.3 million on the 2021 OACC Notes.

Directors and family members of AOG and its subsidiaries held notes payable in the aggregate principal amount of approximately \$8.7 million and \$12.9 million at December 31, 2025 and 2024, respectively.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. TAXATION

The Company has received an undertaking from the Bermuda government exempting it from all local income, withholding and capital gains taxes until March 31, 2035. At the present time, no such taxes are levied in Bermuda.

In September 2014, AOG became tax resident in the U.K., although remains a Bermuda-based company. The Bermuda Corporate Income Tax Act 2023 (“Bermuda Act”) was enacted on December 27, 2023 and became effective January 1, 2025. The Company is not within the scope of the legislation as our group revenue is less than 750 million Euro and therefore will not be subject to tax under the Bermuda Act. As the company is not incorporated in the U.K., it intends to manage its affairs in such a way as to establish and maintain status as tax resident in the U.K. As an U.K. tax resident company, AOG is required to file a corporation tax return with His Majesty’s Revenue & Customs (“HMRC”). AOG is subject to U.K. corporation tax in respect of its worldwide profits (both income and capital gains), subject to any applicable exemptions. The main rate of corporation tax is 25%. The Company does not expect that AOG’s being a U.K. tax resident will result in any material change in the group’s overall tax charge. The Company expects that the dividends received by AOG from its direct subsidiaries will be exempt from U.K. corporation tax due to the exemption in section 931D of the U.K. Corporation Tax Act 2009. In addition, any dividends paid by AOG to its shareholders should not be subject to any withholding tax in the U.K. The U.K. government implemented a new tax regime for “controlled foreign companies” (“CFC regime”) effective January 1, 2013. The Company does not expect any profits of non-U.K. resident members of the group to be taxed under the CFC regime.

ORE has made an election under Section 953(d) of the U.S. Internal Revenue Code and is therefore treated as a U.S. domestic insurance company for U.S. federal income tax purposes. As a result, ORE is subject to U.S. federal income tax on its worldwide income. All subsidiaries that are includable in the U.S. consolidated tax group file a consolidated U.S. federal income tax return with Old American Capital Corporation as the common parent.

The following is a summary of the Company’s income before income tax (expense) benefit by regulatory jurisdiction for the years ended December 31, 2025, and 2024:

| | 2025 | 2024 |
|-----------------------------|----------------------|----------------------|
| Bermuda | \$ (864,997) | \$ (1,238,480) |
| United States | 11,606,350 | 11,050,077 |
| Barbados | 3,252,250 | 2,341,678 |
| Total Pre-Tax Income (loss) | <u>\$ 13,993,603</u> | <u>\$ 12,153,275</u> |

For the years ended December 31, 2025, and 2024, income tax (expense) benefit consisted of the following:

| | 2025 | 2024 |
|------------------------------------|---------------------|---------------------|
| Current | | |
| US Federal | \$ 1,710,990 | \$ 1,445,315 |
| Non-US | - | - |
| Deferred | | |
| US Federal | 1,456,723 | 1,308,147 |
| Non-US | - | - |
| Total Income Tax Expense (benefit) | <u>\$ 3,167,713</u> | <u>\$ 2,753,462</u> |

There is \$3.2 million and \$2.8 million provision for income taxes as of December 31, 2025 and 2024, respectively.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. TAXATION (cont'd)

Effective Rate reconciliation

In December 2023, the FASB issued ASU 2023-09 which intends to enhance the transparency and decision usefulness of income tax disclosures, requiring disaggregated information about an entity's effective tax rate reconciliation, as well as income taxes paid. The Company adopted this accounting standard prospectively, effective for the year ended December 31, 2025. The following table presents a reconciliation of expected income tax (expense) benefit for the years ended December 31, 2025 and 2024:

| | 2025 | | 2024 | | | |
|---|-------------|------------------|--------------|----|---------------------|--------------|
| Bermuda Federal Statutory Tax Rate | \$ | - | 0.0% | \$ | - | 0.0% |
| U.S. Statutory Tax Rate Difference | | 2,938,657 | 21.0% | | 2,552,187 | 21.0% |
| Non-taxable net income | | 181,649 | 1.3% | | 260,081 | 2.1% |
| Other, net | | 47,407 | 0.3% | | (58,806) | 0.1% |
| Total income tax expense (benefit) | | <u>3,167,713</u> | <u>22.6%</u> | | <u>\$ 2,753,462</u> | <u>23.2%</u> |

Net income taxes paid to national, state and local governments totaled \$1.7 million and \$1.5 million for the years ended December 31, 2025 and 2024, respectively as follows:

| | 2025 | | 2024 | |
|------------------|-------------|---------------------|-------------|---------------------|
| US Federal | \$ | 1,648,000 | \$ | 1,420,800 |
| State Taxes | | 42,727 | | 62,200 |
| Non US | | - | | - |
| Total Taxes Paid | | <u>\$ 1,690,727</u> | | <u>\$ 1,483,000</u> |

State tax jurisdictions did not exceed the 5% disaggregation threshold required for further details.

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. TAXATION (cont'd)

Tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets and deferred tax liabilities at December 31, 2025 and 2024 were as follows:

| | December 31, 2025 | December 31, 2024 |
|---|----------------------------------|----------------------------------|
| Deferred tax assets: | | |
| Net operating loss carryforward | \$ 3,606,237 | \$ 4,304,211 |
| Unearned premium reserves | 476,821 | 563,228 |
| Discounted unpaid losses and loss adjustment expenses | <u>194,691</u> | <u>190,002</u> |
| Total deferred tax assets | <u>4,277,749</u> | <u>5,057,441</u> |
| Deferred tax liabilities: | | |
| Deferred acquisition costs | 617,059 | 642,652 |
| Intangible Assets with permanent differences | <u>7,073,500</u> | <u>6,370,875</u> |
| | 7,690,559 | 7,013,527 |
| Deferred tax (liabilities), net | <u><u>\$ (3,412,810)</u></u> | <u><u>\$ (1,956,086)</u></u> |

As of December 31, 2025, the Company had net operating loss carry forwards of \$17,172,560 the expiration of which is as follows:

| | December 31, 2025 |
|------|-------------------|
| 2033 | 7,630,226 |
| 2034 | 8,039,538 |
| 2035 | - |
| 2036 | - |
| 2037 | 877,397 |
| 2038 | - |
| 2039 | 260,672 |
| 2040 | - |
| 2041 | - |
| 2042 | - |
| 2043 | 364,727 |
| | \$ 17,172,560 |

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. TAXATION (cont'd)

As of December 31, 2025 and 2024, the Company has no tax positions for which management believes a provision for uncertainty is necessary. The Company's U.S. federal income tax returns for all tax years are subject to examination by the Internal Revenue Service.

21. REINSURANCE

The Company has various quota share reinsurance agreements with reinsurers. The Company remains liable to its policyholders for all of its policy obligations and the reinsuring companies are obligated to the Company to the extent of the reinsured portion of the risks. Balances are presented gross of the reinsurance agreements in the accompanying consolidated financial statements.

Due to the nature of the OACM's reinsurance programs, a concentration of credit risk exists with four reinsurers that have net balances due in excess of 5% of OACM's total receivable balances in 2025. These four reinsurers account for approximately 64% of the total net recoverable from reinsurers, and five reinsurers account for approximately 72% for 2024. OACM reinsures substantially all of its business, and monitors the credit quality of its reinsurers to ensure that its cessions are to financially sound reinsurers. Collateral which includes funds held in trust and letters of credit are obtained both to satisfy regulatory requirements for reinsurers not authorized, and to address the Company's credit concerns related to less highly rated reinsurers. As of December 31, 2025, all of the reinsurance recoverables were either collateralized or due from A.M. Best rated A or better reinsurers. All of the balances ceded to reinsurers rated less than A are collateralized. During 2025 and 2024, OACM obtained collateral totaling \$263.8 million and \$211.7 million respectively, to offset the overall reinsurance credit risk. If the counterparties to these reinsurance contracts completely failed to perform under these contracts, which management believes is a remote possibility, the potential loss to the Company is the amount of the uncollateralized reserves for losses and loss adjustment expenses, reinsurance recoverable, and unearned premium net of reinsurance payable, which is approximately \$272.1 million as of December 31, 2025 as compared to \$250.3 million for 2024.

With OAIC's reinsurance programs, a concentration of credit risk exists with seven reinsurers that have net balances due in excess of 5% of OAIC's total receivable balances in 2025. These seven reinsurers account for approximately 88% of the total net recoverable from reinsurers, and eight reinsurers account for approximately 91% for 2024. During 2025, OAIC obtained collateral and letters of credit totaling \$32.1 million to offset the overall reinsurance credit risk. If the counterparties to these reinsurance contracts completely failed to perform under these contracts, which management believes is a remote possibility, the potential loss to the Company is the amount of the uncollateralized reserves for losses and loss adjustment expenses, reinsurance recoverable, and unearned premium net of reinsurance payable, which is approximately \$46.0 million as of December 31, 2025 as compared to \$51.5 million for 2024.

22. STATUTORY REQUIREMENTS

Each of the Company's insurance companies' ability to pay dividends depends, among other things, upon their financial condition, results of operations, cash requirements, compliance with rating agency requirements, and is also subject to restrictions contained in the insurance laws and related regulations of their state of domicile and other states. Financial statements prepared in accordance with accounting practices prescribed or permitted by local insurance regulatory authorities differ in certain respects from GAAP.

The Company's U.S. domiciled insurance companies are subject to risk-based capital standards and other minimum and capital and surplus requirements. The Company's U.S. domiciled insurance companies prepare statutory financial statements in accordance with accounting practices prescribed or permitted by the National Association of Insurance Commissioners ("NAIC") and their respective insurance departments. Prescribed statutory accounting practices are set forth in the NAIC Accounting Practices and Procedures Manual. The Company has no permitted accounting practices on a statutory basis. OAIC is subject to NAIC risk-based capital standards and other minimum capital and surplus requirements, including the laws of Texas. Texas laws provide that without prior approval of its domiciliary commissioner, dividends to shareholders may not be paid except out of the part of surplus funds which is derived from realized net profits. Surplus funds for the purposes of this calculation are defined as the excess of assets over liabilities, including capital stock as a liability. There are no other restrictions placed on the portion of OAIC's profits that may be paid as ordinary dividends to its shareholder. As of December 31, 2025, OAIC had statutory capital and surplus of

AMERICAN OVERSEAS GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. STATUTORY REQUIREMENTS (cont'd)

\$24.9 million, which was in excess of any risk-based capital levels that would require corrective actions. As a Texas county mutual, OACM is not subject to NAIC risk-based capital provisions. The minimum required capital and surplus of OACM is \$5 million as provided by Texas insurance law, which is the amount of capital and surplus of the entity as of December 31, 2025.

Since the Barbados Exempt Insurance Act 1983 was repealed in January 1, 2019, ORE falls under the Insurance Act. The Insurance Act does not define specific solvency standards, so Barbados still relies on the solvency criteria previously defined in the Exempt Insurance Act 1983 (the "Exempt Insurance Act"). For the purpose of compliance with the solvency criteria under the Exempt Insurance Act, assets and liabilities are calculated in accordance with US GAAP. The Barbados domiciled insurance company also must comply with the provisions of the Barbados Companies Act regulating the payment of dividends and making of distributions from contributed surplus. A company is prohibited from declaring or paying a dividend, if there are reasonable grounds for believing that: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and stated capital. The excess of the ORE's statutory assets over the aggregate of its liabilities at December 31, 2025 was \$7.4 million. The minimum required solvency margin for ORE was \$4.0 million.

On November 29, 2019, the Barbados government repealed the Business Companies (Economic Substance) Act, 2018-41, and replaced it with the Companies (Economic Substance) Act, 2019-43 ("the Barbados Act"). Under the Barbados Act, all resident companies/societies (other than those being grandfathered) must comply with the economic substance rules for fiscal periods commencing on or after January 1, 2020. The Barbados Act will require a resident entity which derives income from the carrying on of a relevant activity to satisfy the economic substance test in relation to that relevant activity, and will require the entity to file an economic substance declaration annually. If the Director of International Business determines that a resident entity has failed to meet the economic substance test for a fiscal period, the Director may impose a penalty. ORE is not considered a resident company under the Barbados Act, as its taxing authority is the United States of America, so the Company does not have to satisfy the economic substance test but will file an economic substance declaration each year. In 2025, ORE filed the declaration related to 2024 and will file the 2025 declaration in 2026.

AOG must comply with the provisions of the Bermuda Companies Act regulating the payment of dividends and making of distributions from contributed surplus. A company is prohibited from declaring or paying a dividend, or making a distribution out of contributed surplus, if there are reasonable grounds for believing that: (a) the company is, or would after the payment, be unable to pay its liabilities as they become due or (b) the realizable value of the company's assets would thereby be less than its liabilities. The Board of Directors of AOG will evaluate any dividends in accordance with this test at the time such dividends are declared.

23. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 16, 2026, which is the date the financial statements were issued.