

Active Capital Reinsurance, Ltd.

Financial Statements

December 31, 2024

(expressed in United States dollars)

Grant Thornton Ltd

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INDEPENDENT AUDITOR'S REPORT**To the Shareholder of
Active Capital Reinsurance, Ltd.****Opinion**

We have audited the financial statements of **Active Capital Reinsurance, Ltd.** (the "Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 independent of the Company in accordance with ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on August 8, 2024.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2024, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs Accounting Standard as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Financial Statements ...continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the Company's shareholder, as a body corporate, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholder for our audit work, for this report, or for the opinion we have formed.



**Chartered Accountants
Barbados
June 27, 2025**

Active Capital Reinsurance, Ltd.

Statement of Financial Position

As of December 31, 2024

(expressed in United States dollars)

	2024 \$	2023 \$
Assets		
Current Assets		
Cash and cash equivalents (note 5)	49,284,245	34,411,260
Other cash deposits (note 5)	21,951,863	18,300,000
Premiums receivable (note 6)	84,756,278	88,079,277
Receivables from related parties (note 7)	7,516,335	4,559,029
Claims recoveries (note 8)	208,749,307	150,144,921
Prepayments and other receivables (note 8)	14,023,548	12,383,595
Deferred acquisition costs (note 8)	15,765,694	14,240,565
Deferred retrocession premiums (note 9)	27,844,598	38,021,374
Investments (note 10)	3,500,750	1,405,342
	433,392,618	361,545,363
Non-Current Assets		
Property and equipment (note 11)	4,224,016	1,008,141
Intangible assets (note 12)	84,330	150,415
Premiums receivable (note 6)	6,630,312	2,555,875
Investments (note 10)	29,352,475	13,933,180
Other cash deposits (note 5)	13,415,497	20,474,905
	487,099,248	399,667,879
Total assets		
Liabilities and shareholder's equity		
Liabilities		
Current Liabilities		
Claims liabilities (notes 4 & 13)	223,686,595	171,473,615
Accounts payable and other liabilities (note 14)	26,404,448	11,234,609
Profit sharing commissions (note 14)	249,714	337,728
Unearned premiums and commission income (note 15)	68,592,614	71,329,571
Retrocession premiums payable (note 16)	67,864,184	57,736,240
	386,797,555	312,111,763
Total liabilities		
Shareholder's equity		
Share capital (note 17)	50,000,000	50,000,000
Additional paid-in-capital (note 17)	5,000,000	—
Retained earnings	45,301,693	37,556,116
	100,301,693	87,556,116
Total shareholder's equity		
Total liabilities and shareholder's equity	487,099,248	399,667,879

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors on June 27, 2025.


Director


Director

Active Capital Reinsurance, Ltd.

Statement of Comprehensive Income

For the year ended December 31, 2024

(expressed in United States dollars)

	2024 \$	2023 \$
Income		
Net reinsurance premiums	223,755,089	193,599,925
Net ceded premiums	(74,875,330)	(66,556,143)
Commission income (note 19)	17,476,247	18,163,533
	<hr/>	<hr/>
Net premium and commission income	166,356,006	145,207,315
	<hr/>	<hr/>
Underwriting expenses		
Claims incurred and paid	164,063,889	201,667,534
Reinsurance claims recovered	(70,178,096)	(116,469,492)
Withholding taxes on premiums (note 22)	1,102,659	846,135
Commission expenses (note 19)	48,932,216	38,327,726
Profit sharing commission expense (note 19)	2,471,958	(2,958,227)
	<hr/>	<hr/>
Underwriting expenses	146,392,626	121,413,676
	<hr/>	<hr/>
Net underwriting income	19,963,380	23,793,639
	<hr/>	<hr/>
Operating expenses		
Professional fees	6,100,683	5,905,838
Depreciation & amortisation expense (notes 11 & 12)	213,432	311,702
General and administrative expenses (note 20)	5,399,713	10,618,481
	<hr/>	<hr/>
	11,713,828	16,836,021
	<hr/>	<hr/>
Other income		
Foreign currency exchange result	(599,215)	576,656
Other income	4,798,123	6,236,029
Interest (note 21)	3,872,582	2,339,995
	<hr/>	<hr/>
	8,071,490	9,152,680
	<hr/>	<hr/>
Net income	16,321,042	16,110,298
	<hr/>	<hr/>
Income tax expense (note 22)	75,465	339,526
	<hr/>	<hr/>
Net income, being total comprehensive income for the year	16,245,577	15,770,772

The accompanying notes are an integral part of these financial statements.

Active Capital Reinsurance, Ltd.

Statement of Changes in Shareholder's Equity

For the year ended December 31, 2024

(expressed in United States dollars)

	Share capital \$	Additional paid-in- capital \$	Retained earnings \$	Total \$
Balance as of January 1, 2023	48,000,000	—	31,785,344	79,785,344
Net income for the year	—	—	15,770,772	15,770,772
Share capital issued (note 17)	2,000,000	—	—	2,000,000
Dividends paid (note 17)	—	—	(10,000,000)	(10,000,000)
Balance as of December 31, 2023	50,000,000	—	37,556,116	87,556,116
		—		
Net income for the year	—	—	16,245,577	16,245,577
Additional paid-in-capital (note 17)	—	5,000,000	—	5,000,000
Dividends paid (note 17)	—	—	(8,500,000)	(8,500,000)
Balance as of December 31, 2024	50,000,000	5,000,000	45,301,693	100,301,693

The accompanying notes are an integral part of these financial statements.

Active Capital Reinsurance, Ltd.

Statement of Cash Flows

For the year ended December 31, 2024

(expressed in United States dollars)

	2024 \$	2023 \$
Cash flows from operating activities		
Net income for the year	16,245,577	15,770,772
Items not affecting cash:		
Unrealised (gains)/losses on investment securities (note 10)	(4,923,229)	121,985
Income tax expense (note 22)	75,465	339,526
Provision for uncollectible premiums (note 20)	1,020,521	6,588,293
Depreciation & amortisation (notes 11 & 12)	213,432	311,702
	12,631,766	23,132,278
Changes in working capital:		
Increase in premiums receivable	(1,771,959)	(27,124,939)
Increase in prepayments and other receivables	(1,639,953)	(1,031,888)
Increase in claims recoveries	(58,604,386)	(79,925,176)
Increase in deferred acquisition costs	(1,525,129)	(6,016,924)
Decrease (increase) in deferred retrocession premiums	10,176,776	(15,286,029)
Increase in claims liabilities	52,212,980	109,584,932
Increase (decrease) in retrocession liabilities	10,052,479	(8,671,451)
(Decrease) increase in unearned premiums and commission income	(2,736,957)	32,699,858
Increase (decrease) in accounts payable and other liabilities	15,081,825	(20,687,747)
Decrease in other cash deposits	3,407,545	2,883,010
	37,284,987	9,555,924
Cash flows from investing activities		
Purchase of property & equipment (note 11)	(3,358,581)	(533,880)
Purchase of intangible assets (note 12)	(4,641)	(8,091)
Sales of securities (note 10)	5,177,130	2,540,000
Acquisition of securities (note 10)	(17,768,604)	(8,153,113)
	(15,954,696)	(6,155,084)
Cash flows from financing activities		
Net advances (to)/from related parties	(2,957,306)	1,389,333
Share capital issued (note 17)	–	2,000,000
Additional paid-in-capital (note 17)	5,000,000	
Dividends paid (note 17)	(8,500,000)	(10,000,000)
	(6,457,306)	(6,610,667)
Net cash used in financing activities		
	(6,457,306)	(6,610,667)
Increase (decrease) in cash and cash equivalents	14,872,985	(3,209,827)
Cash and cash equivalents at beginning of year	34,411,260	37,621,087
Cash and cash equivalents at end of year	49,284,245	34,411,260

The accompanying notes are an integral part of these financial statements.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

1 Background information

Active Capital Reinsurance, Ltd. (“the Company” or “Active Re”) was incorporated in the Turks & Caicos Islands on July 26, 2007. On July 31, 2007, the Company was licensed under the Insurance Ordinance 1989 to write non-domestic reinsurance business, restricted to credit life and credit card fraud risk. On October 31, 2013, the Company was redomiciled to Barbados and licensed under the Exempt Insurance Act Chapter 308A to write non-domestic reinsurance business. In 2018, the Financial Services Commission of Barbados repealed the Insurance Act Chapter 308A and effective January 1, 2019, the Company was licensed under the Insurance Act Chapter 310.

The Company’s business activity is to underwrite facultative and treaty reinsurance policies generated from intermediaries such as reinsurance brokers, Managing General Agents (MGA’s) and insurance companies covering the Middle East and North of Africa (MENA) region, Asia, Europe and the Latin American region.

Where risks exceed the Company’s preferred retention levels, because of the size or complexity of the risks covered, the Company has retroceded the surplus to the retrocession market. The proportional retrocession agreements contracts are agreed with the retrocessionaires under the same terms and conditions as the facultative and treaty business. Therefore, the retrocession contracts mirror the reinsurance contracts underwritten by the Company.

The Company’s registered office is at Caribbean Corporate Services Ltd, One Welches, Ground Floor, Welches, St. James BB22025.

The Company is a wholly owned subsidiary of Pine Holdings Corp., which is registered in Turks and Caicos Islands. The ultimate controlling company is MARJANA Holdings, Inc. a company incorporated in Panama.

2 Summary of significant accounting policies

The financial statements have been prepared by the Company in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board (IASB). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with the IFRS for SMEs Accounting Standard, and have been prepared under the historical cost convention except for investments carried at fair value through profit or loss. The preparation of financial statements in conformity with the IFRS for SMEs Accounting Standard requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

b) Insurance and retrocession contracts - classification

An insurance or reinsurance contract is a contract under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risk. The Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

2 Summary of significant accounting policies ...continued

b) Insurance and retrocession contracts – classification ...continued

of an insured event that are significantly more than the benefits payable if the insured event did not occur. Retrocession contracts are entered with the primary purpose of recovering losses resulting from insured events. However, such contracts do not relieve the Company from its obligations to the insured parties. The amounts to be recovered from retrocessions are recognized by the Company and the financial condition of the retrocession companies, risk concentration and changes in the economic and regulatory environment are reviewed periodically.

c) Claim liabilities

The Company establishes liabilities for the ultimate settlement cost (including direct expenses expected to be incurred in settling claims, net of the expected subrogation value and other recoveries) of claims reported but not settled based on information received from its primary underwriter estimates, and reported on the bordereaux. The liabilities for claims incurred but not reported are estimated by management analysis based on the Expected Loss Method. Under this method, the ultimate expected claims are calculated by multiplying the net earned premium by the expected loss ratio for each line of business, from which actual claims to date are deducted. Changes in estimates of unpaid claims resulting from the continuous review process and differences between estimates and payments are recognized in the Statement of Comprehensive Income in the period in which the estimates are changed or the payments are made. The Company does not discount its liabilities for unpaid claims. During the year ended December 31, 2023, the Company adopted the Chain Ladder Actuarial Method and certified the calculations with an external actuarial consulting firm. The IBNR Reserve was estimated using the Chain Ladder Method, which considers the development of claims by origin year from Active Re's historical data. During 2024, the Company continued estimating the IBNR Reserve using the Chain Ladder Method.

d) Experience rebate provision

Certain reinsurance contracts underwritten by the Company in prior years include experience rebate clauses, where the Company may rebate a portion of the reinsurance premiums ceded under certain circumstances. Industry tendencies in our markets have steered Active Re away from these contracts to the point that the Company did not participate in any of these contracts in 2023 nor 2024. The tendency has been to participate in profit sharing contracts. In these contracts, profits from the contract's performance is shared by the parties involved, at the percentage negotiated at the contract's conception.

e) Balances and transactions in foreign currencies

The functional and presentation currency of the Company is the US dollar. Foreign currency transactions are converted at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions are recognized in the statement of comprehensive income. Monetary assets and liabilities denominated in currencies other than the financial currency (foreign currencies) are translated into United States dollars at the rate of exchange ruling at the statement of financial position date. Non-monetary assets and liabilities carried at historical cost are translated at the exchange rate at the date of the transactions.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

2 Summary of significant accounting policies ...continued

f) Revenue recognition

Revenue comprises of the fair value of the remuneration received or receivable for reinsurance coverage in the ordinary course of the Company's activities as well as interest income, commission income, dividend income and other income.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved. The Company bases its estimates on historical results, taking into consideration the type of transaction and the specifics of each arrangement.

Reinsurance and retrocession premiums

Reinsurance and retrocession premiums written/expensed are generally recognized in the statement of comprehensive income proportionally over the period of coverage. Reinsurance and retrocession premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums. Reinsurance and retrocession premium adjustments are recognized in the statement of comprehensive income in the period in which they are determined.

In the case of the proportional treaties and affinity business, revenue cannot be reliably determined at the moment the business is accepted. However, periodic account statement presentations are established among the conditions of the agreement. The underwritten risks from the reporting period is revealed in these presentations and the revenue reported is recorded in the accounting system then. This revenue recognition method is based on Section 2.30 and 2.31, Recognition of Assets, Liabilities, Income and Expenses, under the IFRS for SMEs Accounting Standard. In this section, "Reliability of Measurement" the standard states: "When a reasonable estimate cannot be made, the item is not recognized in the financial statements. An item that fails to meet the recognition criteria may qualify for recognition at a later date as a result of subsequent circumstances or events."

Commission income

Commission income earned on insurance contracts is recognized over the same period as the premiums written, being proportionally over the period of coverage.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is uncollectable, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

Dividend income

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for equity securities.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

2 Summary of significant accounting policies ...continued

f) Revenue recognition ...continued

Other income

Other income is recognized when the right to receive payment is established, based on the underlying agreements.

g) Cash and cash equivalents

Cash and cash equivalents include cash and deposits with original maturities of less than three months.

h) Financial instruments

The Company has chosen to apply the recognition and measurement principles under IAS 39: *Financial Instruments, Recognition and Measurement* and disclosure requirements prescribed within Section 11 and 12 of the IFRS for SMEs Accounting Standard.

Financial assets

The Company classifies its financial assets as loans and receivables and investments carried at fair value. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the financial reporting date, which are classified as non-current assets. The Company's loans and receivables comprise premiums and claims recoveries receivable, receivables from related parties, other receivables, cash and cash equivalents and other cash deposits on the statement of financial position.

(ii) *Investments*

On initial recognition, investments are recognized as noted below. The Company recognizes its investments at fair value from market information provided by the broker. Changes in fair value are recognised in the statement of comprehensive income.

Recognition and de-recognition

Financial assets are initially recorded at fair value plus transaction costs for all financial assets. Financial assets are written off when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method less any impairment.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

2 Summary of significant accounting policies ...continued

h) Financial instruments ...continued

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Impairment

The Company assesses at each financial reporting date whether there is objective evidence that a financial asset or a group of financial assets carried at amortised cost is impaired. If required, impairment, or any reversal thereof, is charged/released to the statement of comprehensive income.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Financial liabilities of the Company consist of accounts payable and other liabilities, retrocession premiums payable and claims liabilities which are classified as basic financial instruments and are stated at amortized cost.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

i) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Included in Furniture and Fixtures is artwork that is not depreciated. Depreciation on other assets is provided to write off the assets on a straight-line method to reduce their cost to their residual values over their estimated useful lives, as follows:

	<u>Years</u>
Office, electronic equipment & Software	3
Improvements	10
Motor Vehicles	5
Furniture and Fixtures	10

Subsequent costs are included in the asset's carrying amount or recorded as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a replaced part is written off. All

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

2 Summary of significant accounting policies ...continued

i) Property and Equipment ...continued

other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income and expenses in the statement of comprehensive income.

Construction in Progress

Recorded at cost and includes all costs related to asset development. These costs are capitalized until the construction is finished and the asset is ready to be used.

j) Accounts payable

Accounts payable are recorded initially at fair value and subsequently measured at amortized cost using the effective interest method.

k) Shareholder's equity

i) Share capital

Share capital represents the nominal values of the shares that have been issued.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

ii) Additional paid-in-capital

Additional paid in capital represents additional amounts contributed to the Company by its shareholder.

iii) Retained earnings

Retained earnings represents the current and prior year result of operations as reported in the statement of comprehensive income.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

3 Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Reinsurance risk, claims liabilities

The accounting estimates and assumptions pertaining to the insurance contracts underwritten have been detailed in notes 4 and 13.

4 Insurance risk, risk management and claims liabilities

Insurance risk

Insurance risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims are greater than estimated. Insurance events are random and the actual number and amount of claims will vary from year to year from the level established using statistical techniques.

Risk management

Since the beginning of 2014, the Board of Directors decided that, to meet the Company's strategic objectives, it had to implement a Risk Management strategy and general guidelines, taking into consideration the following risks.

- i. Credit Risks
- ii. Market Risks
- iii. Liquidity Risks
- iv. Solvency Risks
- v. Operational Risks
- vi. Regulatory Risks

For each of these risks, the Company has identified the factors that would have the most impact on the Company. The Board of Directors has established several operating Committees to set the risk tolerance levels and the controls required to supervise policy compliance in the organization.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

4 Insurance risk, risk management and claims liabilities ...continued

To align the strategic objectives in each of the risk management areas indicated above, the Board formed the following committees:

- Executive Committee
- Finance Committee
- Risk Management Committee
- Compliance Committee
- Business and Operational Committee

Each of these committees has a mission to create a general risk management culture within the organization and to administer its effectiveness.

For each of the risk management areas, the committees must assess the risks identified, and after evaluating each risk, classify them in order of importance, measured by economic impact on the organization. As a third step in the process, prevention and mitigation measures must be set for each of the identified risks. The whole process must be compiled in a risk matrix, which is then communicated within the organization. This practice is based on the COSO II Matrix (Committee of Sponsoring Organizations of the Treadway Commission), as well as the international risk management standard ISO 31000.

Claims liabilities

Claims Reserves represent the unpaid obligations at the reporting date for both reported claims (Case Reserves) and Incurred But Not Reported claims (IBNR).

The Case Reserves are the reserves for incurred and reported claims. The amount of this reserve is estimated by the claims department of the cedent company for which the cedent company provides the list of claims (bordereaux).

IBNR reserve is the estimated amount expected for claims that may have already occurred but have not yet been reported to the Company. The IBNR reserve has been calculated using the Expected Loss Method. Under this method, the ultimate value of the claims (Net Ultimate Loss) is estimated by multiplying the Net Earned Premium by the loss ratio for each line of business. The IBNR is the difference between the expected Net Ultimate Loss and the Net Incurred Loss to Date.

The loss ratios used are based on the market data for the lines of business in the countries of origin of the risk or business. As of December 31, 2023, the Company adopted the Chain Ladder Actuarial Method and certified the calculations with an external actuarial consulting firm. The IBNR Reserve was estimated using the Chain Ladder Method, which takes into account the development of claims by origin year from Active Re's historical data. The Company continued estimating the IBNR using the Chain Ladder Method during 2024.

In 2024 as instituted in 2022 and practiced during 2023, claim liabilities included the computation of the IBNR retroceded. The net IBNR is the result from subtracting the gross IBNR from the IBNR of retro share.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

4 Insurance risk, risk management and claims liabilities ...continued

	2024 \$	2023 \$
Case Reserves	81,487,036	43,275,083
Gross IBNR	142,199,559	128,198,532
Gross Claims Liabilities	223,686,595	171,473,615
Recoveries Under Retrocessions	(88,346,908)	(79,589,947)
Net Claims Liabilities	135,339,687	91,883,668

5 Cash and cash equivalents/other cash deposits

Maturity groupings based on the period from original deposit to maturity are as follows:

	2024 \$	2023 \$
Cash and cash equivalents - up to 3 months	49,284,245	34,411,260
Other cash deposits - greater than 3 months but less than 1 year	21,951,863	18,300,000
Other cash deposits - greater than 1 year	13,415,497	20,474,905
	84,651,605	73,186,165

Other cash deposits comprise of term deposits with interest rates ranging from 3% to 5.15% and maturing over January 2025 to January 2027.

6 Premiums receivable

The premiums receivable are generated from the Company's reinsurance portfolio. The Company established an Accounts Receivable Collection Policy based on the Company's portfolio structure and collection periods.

	2024 \$	2023 \$
Premiums receivable (Current)	86,485,998	90,348,406
Provision for uncollectible premiums	(1,729,720)	(2,269,129)
Premiums receivable (current)	84,756,278	88,079,277
Premiums receivable (non-current)	6,765,624	2,621,720
Provision for uncollectible premiums	(135,312)	(65,845)
Premiums receivable (non-current)	6,630,312	2,555,875
Total premiums receivable	91,386,590	90,635,152

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

6 Premiums receivable ...continued

	2024 \$	2023 \$
Provision for Uncollectible Premium		
Opening balance	(2,334,974)	(2,243,169)
Change in provision	(1,020,521)	(6,588,293)
Amounts written off	1,490,463	6,496,488
Closing balance	(1,865,032)	(2,334,974)

Included in this policy is a provision for uncollectible premiums as shown above. The amount of the reserve comes from applying a percentage rate to the premium receivable balance. This rate also considers the Company's portfolio profile, process, and controls over the premiums collection periods. In accordance with this policy, all accounts exceeding 455 days from the collection date must be written off.

7 Related party transactions and balances

The following balances with related parties are included in receivable from related parties on the Statement of Financial Position:

	2023 \$	Advances \$	Payments received \$	2024 \$
Due from a director	906,641	3,600,499	(3,600,499)	906,641
Advances to the shareholder	3,041,703	2,712,000	—	5,753,703
Other related parties	610,685	566,865	(321,559)	855,991
	4,559,029	6,879,364	(3,922,058)	7,516,335

	2022 \$	Advances \$	Payments received \$	2023 \$
Due from a director	908,956	—	(2,315)	906,641
Advances to the shareholder	4,741,703	—	(1,700,000)	3,041,703
Other related parties	297,703	313,548	(566)	610,685
	5,948,362	313,548	(1,702,881)	4,559,029

The advances to a director of the Company are unsecured, bear no interest and are payable on demand.

The amount advanced to the shareholder is unsecured and bears no interest. During the current year \$3,922,058 were received in payments from directors and related parties (2023: \$1,702,881).

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

7 Related party transactions and balances ...continued

Key Management Compensation

Key management includes the Board of Directors and all members of senior management. The compensation paid or payable to key management for services is shown below:

	2024 \$	2023 \$
Fees and other benefits (included within Professional fees in the Statement of Comprehensive Income)	2,744,315	4,667,908
Life insurance (included within General & Administrative expenses within the Statement of Comprehensive Income)	46,877	73,866
	<u>2,791,192</u>	<u>4,741,774</u>

8 Prepayments, claims recoveries and other receivables

	2024 \$	2023 \$
Prepayments	2,041,085	1,940,007
Claims Recoveries	208,749,307	150,144,921
Deferred acquisition costs	15,765,694	14,240,565
Other Receivables	11,982,463	10,443,588
	<u>238,538,549</u>	<u>176,769,081</u>

9 Deferred retrocession premiums

	2024 \$	2023 \$
Deferred retrocession premiums	<u>27,844,598</u>	<u>38,021,374</u>

The deferred retrocession account refers to ceded premiums from policies, which effective period of coverage exceeds the cutoff date of the fiscal year. These premiums are recognized monthly in accordance with their expiration as established in the original insurance contract.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

10 Investments

	Current 2024 \$	2023 \$	Non-Current 2024 \$	2023 \$
Current				
January 1	1,405,342	—	13,933,180	9,847,394
Change in maturity	2,000,000	—	(2,000,000)	—
Purchased during the year	3,409,245	3,876,454	14,359,359	4,276,659
Sales during the year	(3,450,000)	(2,540,000)	(1,727,130)	—
Net asset value change	136,163	68,888	4,787,066	(190,873)
December 31, 2024	3,500,750	1,405,342	29,352,475	13,933,180

During 2024, 16 new investments were added to Active Re's investment portfolio totalling \$17,768,604. Most of the capital invested, \$7,848,134, was in USA Treasury Bonds and investment-grade corporate bonds, of which \$5,177,130 matured during the year. The remainder of the capital invested, \$9,920,470, was in private and public equity. No investments carried over from 2023 nor new investments made during 2024 were impaired.

During 2023, 9 new investments were added to Active Re's investment portfolio totalling \$8,153,113. Most of the capital invested, \$6,236,709, was in USA Treasury Bonds and investment-grade corporate bonds, of which

\$2,540,000 matured during the year. The remainder of the capital invested was in private equity and venture capital funds. No investments carried over from 2022 nor new investments made during 2023 were impaired.

	Fixed income \$	Equity funds \$	Total \$
Year ended December 31, 2024			
Balance as at December 31, 2023	5,867,395	9,471,127	15,338,522
Purchased during the year	7,848,134	9,920,470	17,768,604
Sales during the year	(4,950,000)	(227,130)	(5,177,130)
Change in market value	144,131	4,779,098	4,923,229
Balance as at December 31, 2024	8,909,660	23,943,565	38,853,225
	Fixed income \$	Equity funds \$	Total \$
Year ended December 31, 2023			
Balance as at December 31, 2022	2,000,001	7,847,393	9,847,394
Purchased during the year	6,326,709	1,826,404	8,153,113
Sales during the year	(2,540,000)	—	(2,540,000)
Change in market value	80,685	(202,670)	(121,985)
Balance as at December 31, 2023	5,867,395	9,471,127	15,338,522

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

10 Investments ...continued

Fixed income securities earn interest at rates ranging from 4.421% to 7.50% and mature between February 2025 and September 2027.

At the reporting date, the Company holds investments in equity securities and fixed income instruments, all of which are classified as financial assets measured at fair value through profit or loss, in accordance with Section 11 of the IFRS for SMEs Accounting Standard.

11 Property and equipment

	Office and electronic equipment \$	Motor vehicles \$	Furniture and Fixtures \$	Construction in Progress \$	Total \$
Cost					
Balance as of December 31, 2023	104,149	349,516	1,250,607	359,217	2,063,489
Additions	113,514	290,000	137,265	2,817,802	3,358,581
Disposals	—	(174,515)	—	—	(174,515)
As of December 31, 2024	217,663	465,001	1,387,872	3,177,019	5,247,555
Accumulated depreciation					
Balance as of December 31, 2023	(38,725)	(279,038)	(737,585)	—	(1,055,348)
Charge for the year	(46,987)	(77,977)	(17,742)	—	(142,706)
Disposals	—	174,515	—	—	174,515
As of December 31, 2024	(85,712)	(182,500)	(755,327)	—	(1,023,539)
Net book value					
As of December 31, 2024	131,951	282,501	632,545	3,177,019	4,224,016
As of December 31, 2023	65,424	70,478	513,022	359,217	1,008,141

Construction in Progress represents costs incurred in the building of new offices. Works are expected to be finished in May 2025.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

12 Intangible assets

	Software & Licenses \$
Cost	
Balance as of December 31, 2023	258,443
Additions	<u>4,641</u>
As of December 31, 2024	<u>263,084</u>
Amortisation	
Balance as of December 31, 2023	(108,028)
Charge for the year	<u>(70,726)</u>
As of December 31, 2024	<u>(178,754)</u>
Net book value	
As of December 31, 2024	<u>84,330</u>
As of December 31, 2023	<u>150,415</u>

Software and licences represents the developed Reinsurance System and other licenses.

13 Claims liabilities

	2024 \$	2023 \$
Claims liabilities	<u>223,686,595</u>	<u>171,473,615</u>

The Company establishes liabilities for both reported claims and the adverse development thereof and claims which have been incurred but not reported and are expected to be reported within the provisions of the reinsurance contract. The Company also establishes provisions for discretionary experience rebates based upon expected underwriting profits. The amounts recorded in respect of the above are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate liability may be in excess of or less than the amounts provided. Below is a summary of the techniques used by management to estimate liability amounts in respect of the Company's reinsurance policies, along with a discussion of the uncertainties inherent in the estimation process.

Claims on reinsurance contracts are payable on an occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is reported after the end of the contract term.

The claims paid on the underlying reinsurance agreements are the amount of the loss suffered by the insured party from Affinity, Surety and Property & Engineering. The Company is liable for the losses passed on by the primary writer in accordance with the reinsurance agreements.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

13 Claims liabilities ...continued

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposure. However, given the uncertainty in establishing claims liabilities, it is likely that the outcome will prove to be different from the original liability established.

The estimation of claims liabilities for claims incurred but not reported is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. The IBNR proportion of the total liability will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating liabilities. Related to the business growth in FY 2024 and to timely recognition of case reserves, the Company has experienced an increase in claim liabilities from FY 2023.

14 Accounts payable and other liabilities and profit sharing commissions

Accounts payable and other liabilities comprise of:

	2024 \$	2023 \$
Commissions payable (i)	2,836	166,064
Income tax payable	341,815	351,764
Other liabilities (ii)	26,059,797	10,716,781
Total accounts payable and other liabilities	26,404,448	11,234,609
Profit sharing commissions (iii)	249,714	337,728

- (i) Commissions Payable refers to the reserve made for the variable remuneration due to Professional Service Consultants for referred business throughout the fiscal year.
- (ii) Other liabilities include the reserve constituted for the cost of retrocession of the risk surplus exceeding the Company's retention levels, to the retrocession market. It also includes claims payable and the payments that are going through the source identification process by the Company's operation department.
- (iii) Profit Sharing Commission liability refers to commissions payable from the Technical Revenue of those contracts which have been set under those considerations.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

15 Unearned premiums and unearned commission income

	2024 \$	2023 \$
Unearned premiums	59,522,021	62,086,276
Unearned commissions	9,070,593	9,243,295
	<u>68,592,614</u>	<u>71,329,571</u>

The Unearned Premiums represents the amount deposited by a reinsurer and represents the unearned premiums at the close of a year, adopting earning procedure according to the way of risk distribution in time. The unearned commissions derive from the unearned premiums applying the same calculation principles.

16 Retrocession premiums payable

	2024 \$	2023 \$
Retrocession	<u>67,864,184</u>	<u>57,736,240</u>

The retrocession premium payable account refers to ceded premiums from policies which grace period for payment has not expired. These premiums are paid in accordance with the collection of the accepted premiums.

17 Share capital

The Company is authorized to issue an unlimited number of shares of no-par value. All shares issued are fully paid at the statement of financial position date.

Share capital comprises:

	2024 \$	2023 \$
Issued and fully paid:		
50,000,000 (2023: 50,000,000) ordinary shares	<u>50,000,000</u>	<u>50,000,000</u>

In April 2024, the Board of Directors authorized and approved the payment of a dividend up to 50% of its accumulated retained earnings as of December 31, 2023, of \$8,500,000 (2023: \$10,000,000).

In December 2024 the Board of Directors approved an additional paid-in-capital of \$5,000,000.

At a Board of Directors meeting held on March 23, 2023, it was approved to issue 2,000,000 Common Shares to the existing Shareholder for a consideration of \$2,000,000, raising the share capital to \$50,000,000.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

18 Financial instruments

	2024 \$	2023 \$	Measurement Basis
<i>Financial assets:</i>			
Cash and cash equivalents	49,284,245	34,411,260	Amortized cost
Other cash deposits	35,367,360	38,774,905	Amortized cost
Premiums receivable	91,386,590	90,635,152	Amortized cost
Claims recoveries (excluding IBNR Recoveries)	120,402,399	70,554,974	Amortized cost
Receivables from related parties	7,516,335	4,559,029	Amortized cost
Other receivables	11,982,463	10,443,588	Amortized cost
Investments (short term)	3,500,750	1,405,342	Fair value
Investments (long term)	29,352,475	13,933,180	Fair value
Total	348,792,617	264,717,430	
<i>Financial liabilities:</i>			
Accounts payable and other liabilities	26,404,448	11,234,609	Amortized cost
Claims liabilities (excluding IBNR)	81,487,036	43,275,083	Amortized cost
Profit sharing commissions	249,714	337,728	Amortized cost
Retrocession premiums payable	67,864,185	57,736,240	Amortized cost
Total	176,005,383	112,583,660	

19 Reinsurance commissions

All premiums on assumed reinsurance are normally subject to a commission cost, since the ceding company must be compensated for the acquisition cost or commissions paid to direct insurance brokers or intermediaries that produce the business. Besides the acquisition cost, the ceding company requires compensation on their administrative costs.

When a reinsurer seeks capacity in the retrocession market, it must also get compensated for at least part of the reinsurance commissions it has paid to the ceding company, plus some compensation for administrative costs. On facultative reinsurance, commissions on retrocessions are normally lower than the commission paid on the original reinsurance ceded by the insurance company.

	2024 \$	2023 \$
Commission expense	48,932,216	38,327,726
Commission income	(17,476,247)	(18,163,533)
Net profit sharing commission expense/(income)	2,471,958	(2,958,227)
Net commission expense	33,927,927	17,205,966

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

20 General and administrative expenses

	2024	2023
	\$	\$
Administrative expenses	1,673,681	1,292,882
Uncollectible Premiums Reserve Expense	1,020,521	6,588,293
Transportation	552,601	496,975
Outsource	552,585	532,870
Food and lodging	271,238	220,275
Legal expenses	183,155	439,251
Corporate & Certification Services	172,392	—
Marketing	169,392	190,584
Miscellaneous	143,502	24,930
Bank charges	90,959	139,681
Insurance	89,890	120,022
Dues and subscriptions	77,494	66,691
Information Technology	77,430	—
Software	68,400	187,948
Seminars	66,669	37,538
Customer relations	54,966	65,891
Maintenance	54,941	84,674
Telephone and communications	30,853	25,668
Reinsurance License	25,205	26,484
Municipal & National Taxes	18,563	72,365
Donations	4,700	3,855
Fuel and lubricants	384	257
Office supplies	192	1,347
	<u>5,399,713</u>	<u>10,618,481</u>

21 Interest

	2024	2023
	\$	\$
Interest	<u>3,872,582</u>	<u>2,339,995</u>

The Company makes investments using the excess in liquid assets after covering its obligations. During 2024 the impact of the interests gain, and the impairment losses was \$3,872,582 (2023: \$2,339,995).

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

22 Taxation

In Accordance with Barbados Income Tax Legislation, specifically the Insurance Act Cap 310, the grandfathering period for insurance companies which adopted it, expired on June 30, 2021. This same Act applies for insurance companies licensed as Class 2. Insurance companies under this license underwriting risks for third parties, have an applicable tax rate of 2% of their net income. Starting in July 2021, the Company has included computations of Barbados Income Tax in every monthly closing of the accounting period. We used for these computations the 2% rate allowed for our license. Since December 2021, the Company added the Barbados Income Tax amount on the Statement of Comprehensive Income.

Regulatory Changes

Effective January 1, 2019, the Exempt Act was repealed and Insurance Act Cap. 310 amended, and The Company elected to be grandfathered until June 30, 2021. The tax rate applicable for this period was zero percent.

In June 30, 2021, the grandfathered rights and benefits ended. At this point the Company was categorized as a license Class 2 company.

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 (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 company 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 Company to file an economic substance declaration annually.

If the Director of International Business determines that a resident company has failed to meet the economic substance test for a fiscal period, the Director may impose a penalty not exceeding \$150,000 in any subsequent year. The Barbados Act is applicable for the Company for the year ended December 31, 2021. Management has complied with the requirement as of December 31, 2024.

Certain countries apply a withholding tax on money transfers which applies to the premiums earned from insured parties in those countries.

	2024	2023
	\$	\$
Withholding taxes on premiums	1,102,659	846,135
Income tax expense	75,465	339,526

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

22 Taxation ...continued

The charge for the year as reconciled to the profit before tax is as follows:

	2024 \$	2023 \$
Profit before tax on continuing operations	16,321,042	16,110,298
Tax rate at December 31, 2024 of 2% (2023: 2%)	2%	2%
Tax expense calculated at the applicable tax rate	326,421	322,206
Tax effect of expenses that are not deductible in determining taxable profit	26,416	23,417
Tax effect of allowances that are deductible in determining taxable profit	(15,930)	(4,602)
Tax effect of income not taxable in determining taxable profit	—	(5,979)
Previous (over)/under provisions	(261,442)	4,484
Tax expense for the year	75,465	339,526

23 Capital management

The Company must maintain a minimum solvency requirement under the revised legislation detailed in note 22 in accordance with The Insurance Act Cap 310, determined in accordance with certain stipulated criteria. The amount required as of December 31, 2024 computed in accordance with the Act is \$15,387,976 (2023: \$13,204,378) compared to an actual amount of \$55,623,787 (2023: \$66,500,009), resulting in a surplus of \$40,235,811 (2023: \$53,295,631). The Company has exceeded the minimum solvency as of December 31, 2024 and 2023, and as a result, the Company is in compliance with this requirement.

The Board monitors the capital base of the Company in relation to the solvency requirements of the Barbados legislation and other insurance standards. In addition, the investment guidelines serve to minimize investment risk with a goal of maintaining the capital base.

The Company's capital base is required to help the Company absorb losses due to under-pricing of the insurance product; to absorb an unexpected decline in the value of the Company's assets; to provide a buffer for the potential undervaluation of the Company's unpaid claim liabilities and to provide a mechanism for financing the growth of the Company.

There were no changes during the period in the Company's capital management process.

24 Letters of credit

The Company has issued letters of credit totaling \$2,700,463 to meet solvency and collateral requirements applicable to foreign reinsurers in respect of business assumed from cedants in the United States of America. These letters of credit are fully collateralized by the Company's cash and investments and expire on February 28, 2025.

Active Capital Reinsurance, Ltd.

Notes to the Financial Statements

December 31, 2024

(expressed in United States dollars)

25 Commitments and contingent liabilities

The Company has no commitments other than those related to its insurance policies signed in the normal course of business.

The Company has no known contingent liabilities or litigation in progress.

26 Non-cash transactions

There were no non-cash transactions during the financial year.

27 Subsequent events

On March 25, 2025, the Board of Directors authorized and approved the payment of a dividend related to the year ended December 31, 2024, in the amount of \$9,130,781.

No other adjusting or significant non-adjusting events have occurred between December 31, 2024 and the date of authorisation of these financial statements.