

Audited Financial Statements

Plymouth Guarantee, Ltd.
(Incorporated in Bermuda)

Years Ended December 31, 2023 and 2022

With Report of Independent Auditor

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Plymouth Guarantee, Ltd.

Opinion

We have audited the financial statements of Plymouth Guarantee, Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to 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, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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 U.S. generally accepted accounting principles, 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 one year after the date that the financial statements are available to be 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.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional scepticism 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

Management has omitted certain disclosures related to short-duration contracts that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a 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. Our opinion on the basic financial statements is not affected by this missing information.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
July 30, 2024

Plymouth Guarantee, Ltd.
(Incorporated in Bermuda)

Balance Sheets
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

	Years Ended December 31,	
	2023	2022
Assets		
Cash and cash equivalents (Note 3)	\$ 3,779,500	\$ 3,268,987
Premiums receivable	1,089,794	-
Other underwriting expenses paid in advance	1,116,052	601,788
Deferred tax asset (Note 5)	499,468	505,866
Tax deposit	13,891	13,891
Receivables from related party (Note 7)	7,869,819	3,117,284
Deferred acquisition costs	281,250	656,250
Prepaid expenses	93,175	-
	<u>14,742,949</u>	<u>8,164,066</u>
Liabilities		
Reserve for losses and loss expenses (Note 4)	5,349,007	-
Insurance expense payable	1,380,841	765,330
Premiums received in advance	1,265,316	693,150
Payables to related party (Note 7)	903	-
Accounts payable and accrued expenses	45,745	28,051
	<u>8,041,812</u>	<u>1,486,531</u>
Shareholder's equity		
Common shares (Note 6)	120,000	120,000
Contributed surplus (Note 6)	8,930,000	8,930,000
Accumulated deficit	(2,348,863)	(2,372,465)
	<u>6,701,137</u>	<u>6,677,535</u>
	<u>\$ 14,742,949</u>	<u>\$ 8,164,066</u>

See accompanying notes to financial statements.

Signed on Behalf of the Board:


Director


Director

Plymouth Guarantee, Ltd.
(Incorporated in Bermuda)

Statements of Operations
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

	Years Ended December 31,	
	2023	2022
Underwriting revenue		
Net premiums earned	\$ 11,980,463	\$ 2,113,936
Losses and loss expenses (Note 4)	(5,349,007)	-
Other underwriting expenses	(6,164,506)	(1,555,167)
	(11,513,513)	(1,555,167)
Net underwriting income	466,950	558,769
Investment income	119,551	122
General and administrative expenses	(556,501)	(528,891)
	(436,950)	(528,769)
Net profit before taxes	30,000	30,000
Income tax expense (Note 5):		
Current income tax expense	-	-
Deferred tax (expense)	(6,398)	(6,300)
Income tax (expense)- net	(6,398)	(6,300)
Net profit	\$ 23,602	\$ 23,700

See accompanying notes to financial statements.

Plymouth Guarantee, Ltd.
(Incorporated in Bermuda)

Statements of Changes in Shareholder's Equity
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

	<u>Common Shares</u>	<u>Contributed Surplus</u>	<u>Accumulated Deficit</u>	<u>Total Equity</u>
Balance as at December 31, 2021	\$ 120,000	\$ 8,930,000	\$ (2,396,165)	\$ 6,653,835
Net profit	-	-	23,700	23,700
Balance as at December 31, 2022	\$ 120,000	\$ 8,930,000	\$ (2,372,465)	\$ 6,677,535
Net profit	-	-	23,602	23,602
Balance as at December 31, 2023	<u>\$ 120,000</u>	<u>\$ 8,930,000</u>	<u>\$ (2,348,863)</u>	<u>\$ 6,701,137</u>

See accompanying notes to financial statements.

Plymouth Guarantee, Ltd.
(Incorporated in Bermuda)

Statements of Cash Flows
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

	Years ended December 31,	
	2023	2022
Operating activities		
Net profit	\$ 23,602	\$ 23,700
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:		
Change in Insurance receivable	(1,089,794)	-
Change in other underwriting expenses paid in advance	(514,264)	(601,788)
Change in deferred tax asset	6,398	6,300
Change in Receivables from related party	(4,752,535)	1,407,369
Change in deferred acquisition costs	375,000	(656,250)
Change in prepaid expenses	(93,175)	-
Change in reserve for losses and loss expenses	5,349,007	-
Change in insurance expense payable	615,511	765,330
Change in premiums received in advance	572,166	659,757
Change in payables to related party	903	(13,447,728)
Change in accounts payable and accrued expenses	17,694	(2,267)
Net cash provided by (used in) operating activities	510,513	(11,845,577)
Net increase (decrease) in cash and cash equivalents	510,513	(11,845,577)
Cash and cash equivalents at beginning of year	3,268,987	15,114,564
Cash, cash equivalents and restricted cash at end of year	\$ 3,779,500	\$ 3,268,987

See accompanying notes to financial statements.

Notes to Financial Statements
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

1. Operations

Plymouth Guarantee, Ltd. (the "Company") was incorporated on August 14, 2015 and registered effective December 15, 2015 as a Class 3A insurer under the Insurance Act 1978, as amended. The Company is wholly owned by Bermuda Holdings, LLC, a Delaware limited liability company formed on April 17, 2015 (and previously known as SPBM, LLC). The ultimate owner of the Company is MFP Holdings, LLC, a Delaware limited liability Company.

The Company is a provider of tailored reinsurance to U.S. based health insurers, to manage the medical costs associated with specific non-catastrophic chronic diseases. The Company limits its business to the reinsurance of policies to organizations who have agreed to enter into a program agreement with MOBE, LLC ("MOBE"), a company related through common control. MOBE's Guided Lifestyle Management and Guided Medication Services, collectively known as "the MOBE program," is designed to improve health outcomes.

MOBE uses its proprietary algorithm to identify unique target populations it believes would materially benefit from the MOBE program. Once identified, the Company contracts with MOBE to reach out and engage individuals in the targeted populations with uniquely personalized programs. The programs are focused on helping people be better self-managers of their health, which ultimately leads to improved health outcomes while lowering health costs at the same time. The goal is to guide individuals towards enhanced physical, emotional, and social well-being. This involves engaging in simple, achievable, healthy lifestyle activities. By fostering a longitudinal relationship with their MOBE Guide, MOBE helps people make better lifestyle choices, including rethinking how they engage in the healthcare system, which leads to reduced healthcare utilization and lower costs.

The underwriting of these programs is priced with the objective of sharing the benefits of the expected medical savings, by generating underwriting profits for the Company, as well as achieving an overall reduction in medical payment costs for the reinsured. The underwriting model for this program is based upon actuarial analysis of historical claims data along with predictive analytics, which support the expectation that MOBE can successfully engage the population and reduce overall medical costs.

The Company underwrites each client based upon their population profiles, and in exchange for a monthly premium, offers reinsurance to the health insurance industry, capping costs at an agreed percentage risk layer of client medical costs. The Company does not process individual claims for its clients.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the following significant accounting policies:

Premiums Received in Advance and Net Premiums Earned

Premiums are written and earned on a monthly basis, per the reinsurance contract. Premiums received in advance are associated to the next underwriting period and are received in advance per the policy's terms. Premiums received in advance are recorded in the Company's balance sheets in the month the premium is written and are recorded to net premiums earned in the following month.

Deferred Acquisition Costs and Other Underwriting Expenses

Acquisition costs are related to the successful acquisition and implementation of a new reinsurance contract in October of 2022. Acquisition costs are deferred and expensed to other underwriting expenses over the life of the reinsurance contract. For the year ended December 31, 2023 the Company expensed \$375,000 related to deferred acquisition costs.

Other underwriting expenses paid in advance and other underwriting expenses are prepaid program service fees from MOBE to operate any individual contract. This is recognized as normal operation activities. Refer to note 7 for further details.

Notes to Financial Statements
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

2. Significant Accounting Policies (continued)

Losses and Loss Expenses

Losses and loss expenses paid are recorded when advised by the ceding insurance company. Outstanding losses comprise estimates of the amount of reported losses and loss expenses received from the ceding insurance company plus a provision of losses incurred but not reported based on the recommendations of an independent actuary. The selected loss development patterns are based on a blend of actual Company experience and the benchmark loss development patterns. Inherent in the estimates of ultimate losses are expected trends in claim severity and frequency and other factors which may vary as claims are settled. Accordingly, ultimate losses may differ materially from the amounts provided in the financial statements. Revisions to the estimates are charged or credited to income when they become known.

Cash and Cash Equivalents

Cash and cash equivalents include amounts due from banks and funds held in trust having original maturities within three months of the date of purchase by the Company. Substantially all cash and cash equivalents are held with financial institutions, which from time to time may exceed federally insured limits. The Company periodically assesses the financial institutions and believe the risk of any loss is minimal. The carrying amounts approximate fair value due to the short-term nature of these balances.

Income Taxes

The Company reports its liability and expense for income taxes under the requirements of Accounting Standard Codification ("ASC") No. 740 *Income taxes*. Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes, measured by applying currently enacted tax laws. A valuation allowance is recognized if, based on the weight of available evidence it is more likely than not that some part or all of a deferred tax asset will not be realized.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying values of financial assets and liabilities, unless otherwise disclosed elsewhere in the notes to the financial statements, which consist of cash and cash equivalents, premiums receivable, other underwriting expenses paid in advance, deferred acquisition costs, reserve for losses and loss expense, insurance expense payable, premium received in advance, amounts due from related party, income tax payable, amounts due to related party, accounts payable, and accrued expenses approximate their fair values due to the immediate or short-term nature of these financial instruments.

Concentration of Credit Risk

The Company is party to financial instruments with concentration of credit risk. These financial instruments include cash, cash equivalents, and amounts due from related party. As at December 31, 2023, all cash and cash equivalents are held with financial institutions based in the United States with a AA- credit rating, as set out in note 3. The Company's related party receivables are due from MOBE LLC, a company related through common control based in the United States.

Credit risk arises from the failure of the counter-party to perform according to the terms of a contract. Except as disclosed in Note 3, the Company does not require collateral or other security to support financial instruments with credit risk.

Notes to Financial Statements
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

2. Significant accounting policies (continued)

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments", an update to ASC Topic 326 – Financial Instruments – Credit Losses. ASU 2016-13 modifies the recognition of credit losses by replacing the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable supportable information to inform credit loss estimates. ASU 2016-13 is applicable to financial assets such as loans, debt securities, trade receivables, off-balance sheet credit exposures, reinsurance receivables, and other financial assets that have the contractual right to receive cash. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The adoption of ASU 2016-13 on January 1, 2023 did not have a material impact on the Company's financial position, results of operations or cash flows, as the Company did not have financial assets that were materially impacted by the update. As a result, there was no cumulative effect adjustment to opening retained earnings as of January 1, 2023.

3. Cash and Cash Equivalents

As at December 31, 2023 the Company held cash with BMO Harris Bank of \$3,779,500 (2022 - \$2,893,751).

The Company had restricted cash as at December 31, 2022 which consisted of one letter of credit with the Internal Revenue Service ("IRS"). A letter of credit for the IRS was required to be able to treat the Company as a domestic insurance company for United States Federal income tax purposes, \$357,368, plus an additional requirement of the issuing bank was needed, five percent of the letter of credit, \$17,868. The letter of credit was closed in 2023 as this was no longer required by the IRS.

4. Reserve for Losses and Loss Expenses

The activity in the reserve for losses and loss expenses for 2023 and 2022 is summarized as follows:

	2023	2022
Balance at beginning of year	\$ -	\$ -
Incurred related to:		
Current year	5,349,007	-
Prior years	-	-
Total incurred	5,349,007	-
Less paid related to:		
Current year	-	-
Prior years	-	-
Total paid	-	-
Balance at end of year	\$ 5,349,007	\$ -

For the year ended December 31, 2023, the Company recorded a loss as a result of higher-than-expected claims experience reported by the insured. All policies from previous underwriting years are closed at the end of the contract terms. Reserves established are adjusted as final claim experience develops and final information becomes available. Ultimate actual payments for losses and loss expenses could vary from the Company's estimates.

During the year ended December 31, 2023, the Company has not complied with ASU 2015-09 and has not included the required supplementary information. The following factors are relevant to the additional information included in the tables below:

- Table Organization: The tables include claims incurred during the contract year.

Notes to Financial Statements
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

4. Reserve for Losses and Loss Expenses (continued)

Year to date results are comprised of medical and pharmacy incurred claims and factor adjustments corresponding to expected IBNR and seasonality trends. Estimates of ultimate losses are developed using generally accepted actuarial methodologies. For claim severity, triangles of both reported and paid amounts are assembled and ultimate losses are developed by methods commonly referred to as counts and averages approaches. For claim severity, triangles of both reported and paid amounts are assembled and ultimate amounts are projected from claims behavior and development, which develops completion factors to estimate the full claim amount.

In estimating forecasted months to complete a policy year, the actuaries have incorporated program engagement levels, membership behavior, and engaged consumer savings. Ramp scheduling is used to numerically identify and monetize program impacts.

Along with the above methods, estimates of ultimate losses using a combination of expected losses (Premium x Expected Loss Ratio) and loss development techniques are used. If we define the following points, then the estimated ultimate losses are: $A + [(C \times D) \times (1 - B)]$.

A = Reported Incurred Losses
B = Expected Percentage of Ultimate Losses Reported
C = Premium
D = Expected Loss Ratio

Together, the YTD actuals with IBNR and remaining future policy month's forecasts create an expected full year claims liability. This total liability is distributed to each policy month based on the weighted membership to set each month's loss reserve. Final reserve close reports are reviewed and approved by the underwriting, claims, and reserving committee.

Management has decided that the ASU 2015-09 supplementary information will not be disclosed as the supplementary disclosures are not material to the financial statements and that the omission of the supplementary disclosures will not materially impede the readers understanding of the financial statements. The primary users of the financial statements are the shareholders and directors of the Company who have access to the full loss development activity.

The following is information about incurred and paid claims development as of December 31, 2023, net of reinsurance, as well as cumulative claim frequency and the total of incurred-but-not-reported liabilities plus expected development on reported claims included within the net incurred claims amounts.

Schedule of Incurred Losses and Loss Expenses, Net of Reinsurance

	Total Incurred Losses and Expenses	Outstanding IBNR amount	Cumulative Claim Count
Accident Year			
2016	\$ 6,300,831	\$ -	2
2017	17,031,378	-	4
2018	14,025,666	-	1
2019	11,429,733	-	1
2020	2,917,725	-	1
2021	18,019,150	-	1
2022	-	-	-
2023	-	5,349,007	1
Total	\$ 69,724,483	\$ 5,349,007	11

As previously mentioned in Note 1, the Company does not process individual medical claims, but participates in individual reinsurance agreements with health and medical insurance providers. At the end of the contractual term of each reinsurance agreement.

Notes to Financial Statements
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

4. Reserve for Losses and Loss Expenses (continued)

Schedule of Cumulative Paid Losses and Loss Expenses, net of reinsurance

Accident Year	Paid Losses and Loss Expenses
2016	\$ 6,300,831
2017	17,031,378
2018	14,025,666
2019	11,429,733
2020	2,917,725
2021	18,019,150
2022	-
2023	-
Total	\$ 69,724,483

Net Reserves for Losses and Loss Expenses	\$ 5,349,007
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Due to the above note including all the healthcare programs, at December 31, 2023, a reconciliation of the net incurred and paid claims development tables to the liability for claims and claims adjustment expenses is not required and per the terms of the insurance contracts, the Company settles claims on a summary basis at the expiry of the contract therefore the average annual percentage pay out of a reserve is 100% within a year of the expiry of the contract.

5. Taxation

Bermudian Government has enacted the Bermuda Corporate Income Tax Act of 2023. The Bermuda Corporation Income Tax ("CIT") is effective for fiscal years beginning on or after January 1, 2025, with a statutory income tax rate of 15%. Now that the Bermuda CIT has been enacted, in-scope Bermuda Constituent Entities ("BCEs") must prepare for compliance.

The Bermuda CIT applies to certain tax resident entities and Bermuda permanent establishments that are constituent entities of a multinational group ("MNE") with consolidated annual revenue of at least €750 million in at least two of the four preceding fiscal years. Certain exemptions may apply, primarily if the MNE has a limited international location.

The Company is not considered to be in scope of the CIT as the group's annual revenue did not reach €750M or more for at least two of the four fiscal years immediately preceding such fiscal year.

Effective January 1, 2016, the Company made an irrevocable election under Section 953(d) of the Internal Revenue Code of 1986, as amended, to treat the Company as a domestic insurance company for United States Federal income tax purposes. As a result of the "domestic election", the Company is subject to U.S. taxation on its worldwide income as if it were a U.S. corporation. The Company accounts for income taxes under the provision of Accounting Standards Codification No. 740.

Notes to Financial Statements
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

5. Taxation (continued)

Significant components of the Company's net deferred tax assets ("DTA") are related to the 20% advanced premiums adjustment, the discounting of loss reserves, unpaid (disallowed) net acquisition costs, and net operating loss carryforwards.

The net deferred tax position consists of the following:

	2023	2022
Gross deferred tax asset	\$ 506,094	\$ 515,804
Valuation allowance	-	-
	<u>506,094</u>	<u>515,804</u>
Gross deferred tax liability	<u>(6,626)</u>	<u>(9,938)</u>
Net deferred tax asset	<u>\$ 499,468</u>	<u>\$ 505,866</u>

Income tax (expense) benefit attributable to income (loss) from continuing operations consists of:

	2023	2022
Current tax benefit	\$ -	\$ -
Deferred tax (expense)	<u>(6,398)</u>	<u>(6,300)</u>
Income tax (expense)	<u>\$ (6,398)</u>	<u>\$ (6,300)</u>

Net Operating Loss ("NOL") – In 2016, the Company reported a large insurance claim/loss resulting in a large taxable loss (approx. \$2.3m) for the year. As 2016 was the Company's initial filing year, the Company has carried forward the 2016 tax losses to offset future taxable income. The Company had NOL's in 2018 and 2021; with utilization in prior years and the current year. In 2023, it is projected that the NOL will be further utilized with the NOL carryforward balance of \$1,416,748 as of 12/31/2023, creating a DTA of \$297,517 (2022 - \$467,004).

The Company has deductible temporary differences related to the 20% advanced premiums adjustment at December 31, 2023 of \$253,063 resulting in a net DTA of \$53,143 (2022 - \$29,112).

Tax Cuts and Jobs Act Adjustment ("TCJA") – The Company has a book/tax basis difference remaining for the transition adjustment related to loss reserves caused by the change in the loss reserve discount factors under the TCJA. Plymouth has taxable temporary differences at December 31, 2023 of \$31,550, resulting in a DTL of \$6,626 (2022 - \$9,938).

Loss Reserve Discounting - For U.S. income tax purposes, the reserve for loss and loss expenses are discounted in accordance with IRC Section 846. Plymouth conducts individual reinsurance agreements with health and medical insurance providers. At the end of the contractual term of each reinsurance agreement, the full reserve balance is commuted and no further reserve for that agreement period remains. When a plan year concludes, such plan year is closed and/or fully commuted. The remaining loss reserves relate to the 2023 calendar year and have been discounted resulting in a DTA of \$56,996 (2022 - \$0).

Deferred Acquisition Costs ("DAC") – The Company has Deferred Acquisition Costs for the implementation cost that was incurred on a contract in October of 2022, \$750,000, which will be paid in 2024. As such, a DAC asset was set up with a corresponding insurance expense payable as it remains unpaid at the end of the year. Gross acquisition costs \$750,000 minus the change in deferred acquisition costs \$375,000 is the net acquisition costs of \$375,000. DAC is typically deducted fully when paid; however, since the amount will not be paid until 2024, the amount has been disallowed; creating a DTA of \$98,438 (2022 - \$19,688).

Plymouth's income tax provision is prepared in accordance with FASB's ASC 740.

The principles of ASC 740 require that a valuation allowance to be set up to reduce deferred assets if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not

Notes to Financial Statements
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

5. Taxation (continued)

be realized. "More likely than not" is defined as a likelihood of more than fifty percent. Based on the available evidence, Management believes the deferred tax asset is fully realizable and have not recorded a valuation allowance.

The Company did not recognize any liability for unrecognized tax benefits and does not expect the unrecognized tax positions to change significantly over the next twelve months.

The Company recognizes interest and penalties related to unrecognized income tax benefits in its provision for income taxes. In total, as of December 31, 2023, the Company has recorded no liability for penalties and interest. All material US Federal income tax matters for tax years from 2018 to 2023 remain open.

6. Common Shares

The Company has issued 120,000 common shares at a par value of \$1 per share. There were no additional shares issued in the year ended December 31, 2023.

7. Related Party Transactions

As at December 31, 2023, the Company holds the following amounts with companies related through common control:

- 1) Advances receivable of \$7,869,819 (2022 - \$3,117,284) from MOBE LLC. This amount includes \$3,132,382 in advances to related party, which is due upon demand and there is no interest accrued. The remaining amount of \$4,737,437 arise from the service fee adjustments, which are recognized as receivables in the ordinary course of the Company's operations.
- 2) Prepaid program service fees of \$1,116,052 (2022 - \$601,788) from MOBE LLC.
- 3) Payable of \$903 (2022 - \$Nil) to Plymouth Guarantee Captive IC, LLC. The amounts are due upon demand and there is no interest accrued.
- 4) Premium earned of \$540,745 (2022 - \$224,104) from Plymouth Guarantee Captive IC, LLC.
- 5) Premium received in advance of \$48,781 (2022 - \$Nil) to Plymouth Guarantee Captive IC, LLC. The amounts are due upon demand and there is no interest accrued

During the year ended December 31, 2023, the Company incurred the following related party expenses with MOBE LLC, a Company related through common control:

- 1) Program service fees of \$5,789,506 (2022 - \$1,461,417).

8. Statutory Requirements

The Company is required by its license to maintain a solvency margin and an enhanced capital requirement in accordance with the provisions of the Insurance Act. Each year the Company is required to file with the Bermuda Monetary Authority (the "Authority") a capital and solvency return.

The prescribed form of capital and solvency return, which was revised under new legislation enacted in 2011, comprises the insurer's Bermuda Solvency Capital Requirement ("BSCR") model, a schedule of fixed income investments by rating category, a schedule of net loss and loss expense provision by line of business, a schedule of premiums written by line of business, a schedule of risk management and a schedule of fixed income securities. The BSCR includes a standardized model used to measure the risk associated with an insurer's assets, liabilities and premiums, and a formula to take account of catastrophe risk exposure. The Authority has provided for the use of pre-approved internally developed company models in lieu of the standardized BSCR. The Authority requires all Class 3A insurers to maintain their capital at a target level which is 120% of the minimum amount calculated in accordance with the BSCR or the Company's approved internal model (the Enhanced Capital Requirement or "ECR").

The Act requires the Company to meet a minimum solvency margin. Statutory capital and surplus as at December 31, 2023, was \$5,491,910 (2022 - \$6,075,747) and the minimum amount required to be maintained by the Company was \$2,097,069 (2022 - \$1,000,000). In addition, a minimum liquidity ratio must be maintained whereby relevant

Notes to Financial Statements
(Expressed in United States Dollars)

Years Ended December 31, 2023 and 2022

8. Statutory Requirements (continued)

assets, as defined by the Act, must exceed 75% of relevant liabilities. As at December 31, 2023 and 2022, the liquidity ratio requirement was met.

In this regard, the declaration of dividends from surplus and returns of the contribution fund is limited to the extent that the above requirements are met. As at December 31, 2023 and 2022, no declaration of dividends has been made.

The following is a reconciliation between the total statutory capital and surplus and the total shareholder's equity shown herein the balance sheets:

	2023	2022
Shareholder's equity	\$6,701,137	\$6,677,535
Non-admitted assets	(\$1,209,227)	(\$601,788)
Total capital and surplus	\$5,491,910	\$6,075,747

9. Subsequent Events

Pursuant to ASC Topic 855, Subsequent Events, the Company evaluated subsequent events after December 31, 2023 through July 30, 2024, representing the date that the financial statements were available to be issued.

On June 6, 2024 MOBE, Plymouth Guarantee Captive, IC, LLC ("the Captive"), a company related through common control, and Polaris Industries ("Polaris") signed an Amendment to the Statement of Work No. 1 and Self-Management Program Guarantee Agreement effective January 2, 2023. Whereas, the parties mutually agreed to terminate the Captive Agreement, which unilaterally terminates the reinsurance agreement between Plymouth and the Captive. All amounts owed for performance in year one and two were fully commuted. Amounts related to the commutation agreement are reflected in the Company's balance sheets and statements of operations as of December 31, 2023.