

May 28, 2024

Report of Independent Auditors

To the Board of Directors of Acadia Life International Limited

Opinions

We have audited the accompanying condensed consolidated financial statements of Acadia Life International Limited, and its subsidiaries (the “Company”), which comprise the condensed consolidated balance sheets and condensed consolidated statements of capital and surplus as of December 31, 2023 and December 31, 2022 and the related condensed consolidated statements of income for the years then ended, including the related notes (collectively referred to as the “condensed consolidated financial statements”).

Unmodified opinion on regulatory basis of accounting

In our opinion, the accompanying condensed consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and December 31, 2022 and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial Statements (the “Legislation”).

Adverse opinion on U.S. generally accepted accounting principles

In our opinion, because of the significance of the matter discussed in the Basis for adverse opinion on U.S. generally accepted accounting principles section of our report, the accompanying condensed consolidated financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“US GAAS”). Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the condensed consolidated 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for adverse opinion on U.S. generally accepted accounting principles

As described in Note 3 to the condensed consolidated financial statements, the condensed consolidated financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Bermuda Monetary Authority.

The effects on the condensed consolidated financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of management for the condensed consolidated financial statements

Management is responsible for the preparation and fair presentation of the condensed consolidated financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed consolidated 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 the condensed consolidated financial statements are available to be issued.

Auditors' responsibilities for the audit of the condensed consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the condensed consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 US 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 judgement made by a reasonable user based on the condensed consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgement and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the condensed consolidated 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 condensed consolidated financial statements.
- Obtain an understanding of internal controls 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 condensed consolidated financial statements.
- Conclude whether, in our judgement, 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.

Grant Thornton (Bermuda) Limited

**Grant Thornton (Bermuda) Limited
Chartered Professional Accountants
Hamilton, Bermuda**

CONDENSED CONSOLIDATED BALANCE SHEET

ACADIA LIFE INTERNATIONAL LIMITED

As at **December 31, 2023**

expressed in ['000s] **United States Dollars**

| LINE No. | | 2023 | 2022 |
|----------|---|--------|--------|
| 1. | CASH AND CASH EQUIVALENTS | 499 | 1,282 |
| 2. | QUOTED INVESTMENTS: | | |
| (a) | Bonds and Debentures | | |
| | i. Held to maturity | | |
| | ii. Other | | |
| (b) | Total Bonds and Debentures | - | - |
| (c) | Equities | | |
| | i. Common stocks | | |
| | ii. Preferred stocks | | |
| | iii. Mutual funds | | |
| (d) | Total equities | - | - |
| (e) | Other quoted investments | | |
| (f) | Total quoted investments | - | - |
| 3. | UNQUOTED INVESTMENTS: | | |
| (a) | Bonds and Debentures | | |
| | i. Held to maturity | | |
| | ii. Other | | |
| (b) | Total Bonds and Debentures | - | - |
| (c) | Equities | | |
| | i. Common stocks | | |
| | ii. Preferred stocks | | |
| | iii. Mutual funds | | |
| (d) | Total equities | - | - |
| (e) | Other unquoted investments | | |
| (f) | Total unquoted investments | - | - |
| 4. | INVESTMENTS IN AND ADVANCES TO AFFILIATES | | |
| (a) | Unregulated entities that conduct ancillary services | - | |
| (b) | Unregulated non-financial operating entities | | |
| (c) | Unregulated financial operating entities | | |
| (d) | Regulated non-insurance financial operating entities | | |
| (e) | Regulated insurance financial operating entities | - | - |
| (f) | Total investments in affiliates | - | - |
| (g) | Advances to affiliates | 26 | 257 |
| (h) | Total investments in and advances to affiliates | 26 | 257 |
| 5. | INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE: | | |
| (a) | First liens | | |
| (b) | Other than first liens | | |
| (c) | Total investments in mortgage loans on real estate | - | - |
| 6. | POLICY LOANS | | |
| 7. | REAL ESTATE: | | |
| (a) | Occupied by the company (less encumbrances) | | |
| (b) | Other properties (less encumbrances) | | |
| (c) | Total real estate | - | - |
| 8. | COLLATERAL LOANS | | |
| 9. | INVESTMENT INCOME DUE AND ACCRUED | | |
| 10. | ACCOUNTS AND PREMIUMS RECEIVABLE: | | |
| (a) | In course of collection | 10 | 71 |
| (b) | Deferred - not yet due | | |
| (c) | Receivables from retrocessional contracts | | |
| (d) | Total accounts and premiums receivable | 10 | 71 |
| 11. | REINSURANCE BALANCES RECEIVABLE: | | |
| (a) | Foreign affiliates | | |
| (b) | Domestic affiliates | | |
| (c) | Pools & associations | | |
| (d) | All other insurers | - | 1,548 |
| (e) | Total reinsurance balance receivable | - | 1,548 |
| 12. | FUNDS HELD BY CEDING REINSURERS | | |
| 13. | SUNDRY ASSETS: | | |
| (a) | Derivative instruments | | |
| (b) | Segregated accounts companies - long-term business - variable annuities | | |
| (c) | Segregated accounts companies - long-term business - other | 51,912 | 44,735 |
| (d) | Segregated accounts companies - general business | | |
| (e) | Deposit assets | | |
| (f) | Deferred acquisition costs | | |
| (g) | Net receivables for investments sold | | |
| (h) | Other Sundry Assets (Specify) - VOBA | - | - |
| (i) | Other Sundry Assets (Specify) - Prepaid Expenses | 73 | 96 |
| (j) | Other Sundry Assets (Specify) - segregated accounts non-insurance | - | 22,302 |
| (k) | Total sundry assets | 51,985 | 67,133 |

CONDENSED CONSOLIDATED BALANCE SHEET

ACADIA LIFE INTERNATIONAL LIMITED

As at **December 31, 2023**

expressed in ['000s] **United States Dollars**

| LINE No. | | 2023 | 2022 |
|--|---|--------|--------|
| 14. | LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS | | |
| (a) | Letters of credit | | |
| (b) | Guarantees | | |
| (c) | Other instruments | | |
| (e) | Total letters of credit, guarantees and other instruments | - | - |
| 15. | TOTAL | 52,520 | 70,291 |
| TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS | | | |
| 16. | UNEARNED PREMIUM RESERVE | | |
| (a) | Gross unearned premium reserves | | |
| (b) | Less: Ceded unearned premium reserve | | |
| | i. Foreign affiliates | | |
| | ii. Domestic affiliates | | |
| | iii. Pools & associations | | |
| | iv. All other insurers | | |
| (c) | Total ceded unearned premium reserve | - | - |
| (d) | Net unearned premium reserve | - | - |
| 17. | LOSS AND LOSS EXPENSE PROVISIONS: | | |
| (a) | Gross loss and loss expense provisions | | |
| (b) | Less : Reinsurance recoverable balance | | |
| | i. Foreign affiliates | | |
| | ii. Domestic affiliates | | |
| | iii. Pools & associations | | |
| | iv. All other reinsurers | | |
| (c) | Total reinsurance recoverable balance | - | - |
| (d) | Net loss and loss expense provisions | - | - |
| 18. | OTHER GENERAL BUSINESS INSURANCE RESERVES | | |
| 19. | TOTAL GENERAL BUSINESS INSURANCE RESERVES | - | - |
| LONG-TERM BUSINESS INSURANCE RESERVES | | | |
| 20. | RESERVE FOR REPORTED CLAIMS | | |
| 21. | RESERVE FOR UNREPORTED CLAIMS | | |
| 22. | POLICY RESERVES - LIFE | | |
| 23. | POLICY RESERVES - ACCIDENT AND HEALTH | | |
| 24. | POLICYHOLDERS' FUNDS ON DEPOSIT | | |
| 25. | LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS | | |
| 26. | OTHER LONG-TERM BUSINESS INSURANCE RESERVES | - | |
| 27. | TOTAL LONG-TERM BUSINESS INSURANCE RESERVES | | |
| (a) | Total Gross Long-Term Business Insurance Reserves | - | - |
| (b) | Less: Reinsurance recoverable balance on long-term business | | |
| | (i) Foreign Affiliates | | |
| | (ii) Domestic Affiliates | | |
| | (iii) Pools and Associations | | |
| | (iv) All Other Insurers | | |
| (c) | Total Reinsurance Recoverable Balance | - | - |
| (d) | Total Net Long-Term Business Insurance Reserves | - | - |

CONDENSED CONSOLIDATED BALANCE SHEET

ACADIA LIFE INTERNATIONAL LIMITED

As at **December 31, 2023**

expressed in ['000s] **United States Dollars**

| LINE No. | | 2023 | 2022 |
|----------|---|-------------|-------------|
| | OTHER LIABILITIES | | |
| 28. | INSURANCE AND REINSURANCE BALANCES PAYABLE | - | 11 |
| 29. | COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE | 8 | 36 |
| 30. | LOANS AND NOTES PAYABLE | | |
| 31. | (a) INCOME TAXES PAYABLE | | |
| | (b) DEFERRED INCOME TAXES | | |
| 32. | AMOUNTS DUE TO AFFILIATES | 157 | 99 |
| 33. | ACCOUNTS PAYABLE AND ACCRUED LIABILITIES | 392 | 120 |
| 34. | FUNDS HELD UNDER REINSURANCE CONTRACTS: | | |
| 35. | DIVIDENDS PAYABLE | | |
| 36. | SUNDRY LIABILITIES: | | |
| (a) | Derivative instruments | | |
| (b) | Segregated accounts companies | 51,912 | 67,036 |
| (c) | Deposit liabilities | | |
| (d) | Net payable for investments purchased | | |
| (e) | Other sundry liabilities (reserves for future benefits) | - | 2,327 |
| (f) | Other sundry liabilities (specify) | | |
| (g) | Other sundry liabilities (specify) | | |
| (h) | Total sundry liabilities | 51,912 | 69,363 |
| 37. | LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS: | | |
| (a) | Letters of credit | | |
| (b) | Guarantees | | |
| (c) | Other instruments | | |
| (d) | Total letters of credit, guarantees and other instruments | - | - |
| 38. | TOTAL OTHER LIABILITIES | 52,469 | 69,629 |
| 39. | TOTAL INSURANCE RESERVES AND OTHER LIABILITIES | 52,469 | 69,629 |
| | CAPITAL AND SURPLUS | | |
| 40. | TOTAL CAPITAL AND SURPLUS | 51 | 662 |
| 41. | TOTAL | 52,520 | 70,291 |
| | | TRUE | TRUE |

CONDENSED CONSOLIDATED STATEMENT OF INCOME

ACADIA LIFE INTERNATIONAL LIMITED
 As at December 31, 2023
 expressed in ['000s] United States Dollars

| LINE No. | | 2023 | 2022 |
|----------|--|------|-------|
| | GENERAL BUSINESS UNDERWRITING INCOME | | |
| 1. | GROSS PREMIUMS WRITTEN | | |
| | (a) Direct gross premiums written | | |
| | (b) Assumed gross premiums written | | |
| | (c) Total gross premiums written | - | - |
| 2. | REINSURANCE PREMIUMS CEDED | | |
| 3. | NET PREMIUMS WRITTEN | - | - |
| 4. | INCREASE (DECREASE) IN UNEARNED PREMIUMS | | |
| 5. | NET PREMIUMS EARNED | - | - |
| 6. | OTHER INSURANCE INCOME | - | |
| 7. | TOTAL GENERAL BUSINESS UNDERWRITING INCOME | - | - |
| | GENERAL BUSINESS UNDERWRITING EXPENSES | | |
| 8. | NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED | | |
| 9. | COMMISSIONS AND BROKERAGE | | |
| 10. | TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES | - | - |
| 11. | NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS | - | - |
| | LONG-TERM BUSINESS INCOME | | |
| 12. | GROSS PREMIUMS AND OTHER CONSIDERATIONS: | | |
| | (a) Direct gross premiums and other considerations | 92 | 51 |
| | (b) Assumed gross premiums and other considerations | | |
| | (c) Total gross premiums and other considerations | 92 | 51 |
| 13. | PREMIUMS CEDED | 137 | 184 |
| 14. | NET PREMIUMS AND OTHER CONSIDERATIONS: | | |
| | (a) Life | (45) | (133) |
| | (b) Annuities | | |
| | (c) Accident and health | | |
| | (d) Total net premiums and other considerations | (45) | (133) |
| 15. | OTHER INSURANCE INCOME | 418 | 657 |
| 16. | TOTAL LONG-TERM BUSINESS INCOME | 373 | 524 |
| | LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES | | |
| 17. | CLAIMS - LIFE | | |
| 18. | POLICYHOLDERS' DIVIDENDS | | |
| 19. | SURRENDERS | | |
| 20. | MATURITIES | | |
| 21. | ANNUITIES | | |
| 22. | ACCIDENT AND HEALTH BENEFITS | | |
| 23. | COMMISSIONS | 52 | 122 |
| 24. | OTHER | | |
| 25. | TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES | 52 | 122 |
| 26. | INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES): | | |
| | (a) Life | | |
| | (b) Annuities | | |
| | (c) Accident and health | | |
| | (d) Total increase (decrease) in policy reserves | - | - |
| 27. | TOTAL LONG-TERM BUSINESS EXPENSES | 52 | 122 |
| 28. | NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS | 321 | 402 |
| 29. | COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS | 321 | 402 |

CONDENSED CONSOLIDATED STATEMENT OF INCOME

ACADIA LIFE INTERNATIONAL LIMITED
 As at **December 31, 2023**
 expressed in ['000s] **United States Dollars**

| LINE No. | 2023 | 2022 |
|--|-------|-------|
| UNDERNOTED ITEMS | | |
| 30. COMBINED OPERATING EXPENSE | | |
| (a) General and administration | 368 | 406 |
| (b) Personnel cost | 59 | 76 |
| (c) Other | 100 | |
| (d) Total combined operating expenses | 527 | 482 |
| 31. COMBINED INVESTMENT INCOME - NET | 9 | 4 |
| 32. COMBINED OTHER INCOME (DEDUCTIONS) | (411) | (411) |
| 33. COMBINED INCOME BEFORE TAXES | (608) | (487) |
| 34. COMBINED INCOME TAXES (IF APPLICABLE): | | |
| (a) Current | - | 1 |
| (b) Deferred | - | - |
| (c) Total | - | 1 |
| 35. COMBINED INCOME BEFORE REALIZED GAINS (LOSSES) | (608) | (488) |
| 36. COMBINED REALIZED GAINS (LOSSES) | (3) | - |
| 37. COMBINED INTEREST CHARGES | | |
| 38. NET INCOME | (611) | (488) |

CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS

ACADIA LIFE INTERNATIONAL LIMITED
 As at **December 31, 2023**
 expressed in ['000s] **United States Dollars**

| LINE No. | 2023 | 2022 |
|--|-----------------|-----------------|
| 1. CAPITAL: | | |
| (a) Capital Stock | | |
| (i) Common Shares | 250 | 250 |
| authorized | 250 | |
| value | \$ 1,000,000 | |
| fully paid | 250 | |
| | shares of par | shares of par |
| | each issued and | each issued and |
| | shares | shares |
| (ii) | | |
| (A) Preferred shares: | | |
| authorized | | |
| value | | |
| fully paid | | |
| aggregate liquidation value for – | | |
| 2023 | | |
| 2022 | | |
| (B) Preferred shares issued by a subsidiary: | | |
| authorized | | |
| value | | |
| fully paid | | |
| aggregate liquidation value for – | | |
| 2023 | | |
| 2022 | | |
| (iii) Treasury Shares | | |
| repurchased | | |
| value | | |
| | shares of par | shares of par |
| | each issued | each issued |
| (b) Contributed surplus | 22,840 | 22,840 |
| (c) Any other fixed capital | | |
| (i) Hybrid capital instruments | | |
| (ii) Guarantees and others | | |
| (iii) Total any other fixed capital | - | - |
| (d) Total Capital | 23,090 | 23,090 |
| 2. SURPLUS: | | |
| (a) Surplus - Beginning of Year | (22,428) | (21,940) |
| (b) Add: Income for the year | (611) | (488) |
| (c) Less: Dividends paid and payable | - | |
| (d) Add (Deduct) change in unrealized appreciation (depreciation) of investments | | |
| (e) Add (Deduct) change in any other surplus | - | - |
| (f) Surplus - End of Year | (23,039) | (22,428) |
| 3. MINORITY INTEREST | | |
| 4. TOTAL CAPITAL AND SURPLUS | 51 | 662 |

ACADIA LIFE INTERNATIONAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023

Matters to be set forth in a General Note to the Financial Statements

1. GENERAL NOTES

Acadia Life International Limited (“Acadia International” or the “Company”) is a life insurance company incorporated as a Class C long-term insurer under the provisions set out in the Private Act “Acadia Life International Limited Act 2004” (the “Act”) of Bermuda on January 14, 1997. It is owned 51% by Acadia Holding Corporation (the “Parent”), a company incorporated in the state of Delaware in the United States of America which is wholly owned by the Cindy Goldberg Revocable Trust, and 49% owned by LIA Holding Company, Inc., a Delaware (USA) corporation, the sole shareholder of which is Ricardo Calderon, the CEO and a Director of the Company. Acadia International and its subsidiary are providers of insurance products and investment product services, as noted below:

Acadia International owns the following wholly-owned subsidiary:

Acadia Wealth Management Ltd. (“Acadia Wealth”), is an investment products company incorporated in Bermuda originally under the name Hartford Advantage Investment Ltd. (“HAIL”) on May 30, 2002 under the Companies Act of 1981, as amended, and registered as a Segregated Accounts Company under the Segregated Accounts Companies Act 2000 of Bermuda, as amended (“SAC Act”). Acadia Wealth is not registered under the Bermuda Insurance Act 1978 (“Insurance Act”), and the Bermuda Monetary Authority (“BMA”) directed on March 27, 2006 that the Preferred Share offering issued by the Company be designated as an investment contract pursuant to Section 57A of the Insurance Act. In 2023 Acadia Wealth’s Board of Directors voted to cease operations of the company and all segregated accounts have been redeemed.

Additionally, the company is in the process of de-registering and moving forward with liquidation proceedings.

ACADIA LIFE INTERNATIONAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023

2. NATURE OF RISKS

Acadia International operates under the provisions of a long-term insurer's license and transacts life insurance business by issuing variable annuity contracts and variable life insurance policies (jointly referred to as "the Contracts") to persons who are not residents of Bermuda. The Company utilizes Segregated Accounts for the benefit of their contract owners under the terms and regulations of the Acadia Life International Limited Act 2004. The Contracts offer a death benefit, and their cash values vary with the value of the underlying investments of the Segregated Accounts less mortality, administrative and other expenses and charges assessed by the Company in accordance with the terms of the Contracts. The Company bears the mortality risk related to the variable life insurance contracts to the extent that death benefits exceed contract owner account values. Segregated Account assets can only be used to satisfy segregated account liabilities and are not available to satisfy general obligations of the Company.

The Company entered into an Insurance Agreement with Acadia Wealth effective as of January 1, 2011. Acadia Wealth is a Separate Accounts Company formed in 2002 that issues preferred shares which are similar financially and operationally to private placement variable annuities, a line of business familiar to Acadia International. The purpose of the Insurance Agreement is to provide death benefit coverage to the preferred shareholders of Acadia Wealth. The Insurance Agreement is in turn 100% reinsured to Chubb Tempest Life Reinsurance Ltd ("Chubb" and formerly known as ACE Tempest Life Reinsurance Ltd) pursuant to a Reinsurance Agreement dated December 31, 2010. This agreement is being terminated as part of the company's wind-up and liquidation proceedings.

3. The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the U.S. adjusted for filters prescribed by Insurance Account Rules 2016 and Related Regulations and are not intended to be presented in conformity with generally accepted accounting principles.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with principles prescribed or permitted by the Insurance Act 1978 and related regulations. Significant accounting policies are as follows:

a) *Segregated account assets and liabilities*

Segregated account investments are recorded at market value or at amounts assigned by the custodian. The funds in the segregated accounts are not part of the Company's general funds and are not available to meet the general obligations of the Company.

The segregated account assets and liabilities represent funds administered by the Company and Acadia Wealth.

ACADIA LIFE INTERNATIONAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023

Segregated account assets and liabilities recorded by the Company are for the benefit of variable life and variable annuities contract holders to meet specific investment objectives.

Acadia Wealth's business consisted of offering preferred shares in three classes (Class A, Class M and Class X) (collectively the "Preferred Shares") that were sold to qualified persons who were not United States citizens through select pre-approved intermediaries or distributors. The Preferred Shares were sold in connection with an aggregate \$1,000,000,000 offering of non-voting Preferred Shares of the Company with a par value of \$.01 per share. Monies received from the sale of the Preferred Shares, net of sales charges, if any, are deposited in a segregated account and are allocated to an account established in the account owner's name ("Segregated Account"). The preferred shareholders direct the investments of the assets in their Segregated Accounts. Each Segregated Account invests in shares of underlying mutual funds (the "Underlying Funds"). Preferred shareholders receive a guaranteed minimum death benefit and may have selected a guaranteed withdrawal benefit. The Preferred Share offering issued by Acadia Wealth is designated as an investment contract pursuant to Section 57A of the Insurance Act. In addition, the Preferred Shares are not registered under the U.S. Securities Act of 1933. However, the Preferred Shares provide the owner with an investment that offers product features which are comparable to variable annuity contracts.

Segregated account assets recorded on line 13(c) and 13(j) consist primarily of marketable securities, mutual funds, policy loans and other fund investments reported at fair value.

Investment income, unrealized capital gains and losses, and realized capital gains and losses in the segregated accounts accrue to the account holders and are recognized on line 36(b).

Revenues and expenses related to the segregated account assets and contract holders funds on deposit, to the extent of benefits paid or provided to the segregated account contract holders, are excluded from the amounts reported in the statutory statement of income.

Segregated account assets can only be used to satisfy segregated account liabilities and are not available to satisfy general obligations of the Company.

b) *Mortality risk and reinsurance*

The Company bears the mortality risk related to the variable life insurance policies to the extent that death benefits exceed contract owner account values.

The Company maintains reinsurance agreements with other insurance companies in the normal course of business in order to limit its mortality risk. Such risk transfers do not relieve the Company of its primary liability and, as such, failure of reinsurers to honor their obligations could result in losses. The Company reduce this risk by evaluating the financial condition of reinsurers and monitoring for possible concentrations of credit risk.

ACADIA LIFE INTERNATIONAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023

Assets and liabilities related to reinsurance ceded are reported on a gross basis. Premium, commission, expense reimbursement, benefits and reserves related to guaranteed minimum death benefit reinsured business are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. The Company records a recoverable for the portion of future contract holder's guaranteed minimum death benefit liabilities that are reinsured. Premiums and fees on the reinsurance contracts and policies are recognized over the period for which the coverage is provided.

c) *Cash and cash equivalents*

The Company considers all highly liquid debt instruments with an original maturity of three months or less at date of purchase to be cash and cash equivalents.

d) *Other insurance income*

The variable life products include an administrative charge ranging from \$0 to \$50 per month and an insurers charge based upon the policy's cash value up to a maximum of 1.63%. The variable annuity products include a contract maintenance fee of \$50 per month in addition to an insurer's charge of 0.25% to 0.75% of the policy cash value. The Company records unearned revenue for amounts that have been assessed to compensate the Company for services to be performed over future periods. The fees and charges are assessed on a monthly basis and the unearned revenue is recorded on line 29 of condensed consolidated balance sheet.

In addition, other insurance income includes Acadia Wealth revenue derived from administrative charges deducted on a daily basis from each account at an annual rate not to exceed 1.90% of the average net assets of the underlying funds. These charges are reductions to the unit values of the Segregated Accounts. For the year, ended December 31, 2023, administrative charges were deducted from each account at an annual rate of 1.65%. Also, the Company has fund participation agreements with several fund distributors to receive quarterly fees equal to an amount between 0.50% and 0.95% of average net assets.

e) *Commission fees*

Brokerage fees represent producer acquisition costs, which are calculated monthly, based on the account value at a specific point in time. These fees are accounted for on an accrual basis. The accrued fees payable are reflected in the Balance Sheet on line 29 and the expense is reflected in the Statement of Income on line 23.

ACADIA LIFE INTERNATIONAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023

f) *Reserves for future benefits*

The liability for reserves for future benefits represents the amount Acadia Wealth is projected to pay for the guaranteed minimum death benefits (“GMDB”) and the guaranteed minimum withdrawal benefits available to preferred shareholders. The liability is determined by estimating the expected present value of the benefits in excess of the preferred shareholders’ account values. The estimated present value of benefits and future account values are derived from internally developed models and assumptions including market rates of return, volatility, discount rates, lapse rates and mortality experience, based on the recommendations of an independent actuary. The Company regularly evaluates the estimates used and adjusts the liabilities balance with a charge or credit to the statement of operations. The amount is included in sundry liabilities on line 36(e) of the condensed consolidated balance sheet.

g) *Basis of consolidation*

The condensed consolidated financial statements are presented on a consolidated basis and include assets, liabilities and results of operations of its wholly-owned subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases. All inter-company transactions and balances are eliminated on consolidation.

5. BASIS OF RECOGNITION OF INCOME

a) *Premium income*

Premium income is assessed on each variable life contract and is based upon the costs incurred to reinsure the mortality risk plus a profit surcharge. Net premium is stated as earned.

In the ordinary course of business, the Company seeks to reduce the loss that arises from the mortality risk related to the variable life insurance policies by reinsuring certain levels of risk with other reinsurers. Such reinsurance arrangements also provide for greater diversification of business and provide additional capacity for growth. Reinsurance premiums ceded paid relating to future periods are recorded on line 13, and recorded on the same basis as premium income.

b) *Investment income*

Investment income is recorded as earned. Investment income of \$13,041 (2022 - \$3,685) was recorded for the year ended December 31, 2023.

c) *Commission income*

N/A

6. - 7. N/A

8. N/A

ACADIA LIFE INTERNATIONAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023

9-12. N/A

13. - 14. N/A (All investments are recorded in the segregated account.)

15. RELATED PARTY TRANSACTIONS

The Company and has entered into a management agreement with Marsh IAS Management Services (Bermuda) Ltd. (the “Manager”), who in turn entered into a Sub-Management agreement with MAS Services, LLC. (“MAS Services”), a company related to the Company through common ownership. MAS Services provides certain administrative, processing, accounting, occupancy costs and related services to the Company on behalf of the Manager. The Company compensates the Manager and MAS Services for these services. During the year, the Company and its subsidiary incurred \$75,919 (2022 - \$86,213) for the cost of the services rendered by MAS Services, which is included in the combined operating expenses in the condensed statement of income.

The Company entered into an agreement with MAS Advisors, LLC (“MAS Advisors”), an SEC Registered Investment Advisor. MAS Advisors provides asset management services for the Company to ensure that the separate accounts are in accordance with the requirements imposed by applicable laws and Company policies. MAS Advisors also performs due diligence services for invested assets and asset managers of the separate accounts. Ricardo Calderon, Chief Executive Officer and a member of the Board of Directors of the Company, is a Principal of MAS Advisors and serves as its Chief Compliance Officer. MAS Advisors receives management and administrative support from MAS Services. During the year, the Company and its subsidiaries incurred \$23,813 (2022 - \$47,400) for the cost of these services, which is included in the combined operating expenses in the condensed statement of income.

16. SUBSEQUENT EVENT

In July of 2023, Acadia Wealth’s Board of Directors voted to wind up the company. Acadia Life International is currently in the process of de-registering and liquidating. As of ^{November} 2023 and pursuant to the request of the two remaining policy owners to fully surrender their policies and the separate account assets are getting collaterally assigned out of the company,. The company is in the process of holding a board meeting and duly notifying the BMA of its decision to surrender its insurance license.

17.

During 2022, the Company received an onsite audit by the BMA of its AML ATF and Sanctions policies and procedures. On March 14th, 2023, the Company received a letter a “without prejudice” letter advising the Company of the BMA’s intention to impose penalties in relation to their onsite audit. Effective August 5, 2023, the Company entered into a settlement agreement with BMA and settled the penalty amounting to \$100,000. The payment of the fee is included in line 30 of other expenses.

ACADIA LIFE INTERNATIONAL LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL
STATEMENTS**

AS AT DECEMBER 31, 2023

Matters to be set forth in Notes to the Consolidated Statement of Capital and Surplus

1(a) Capital Stock

Capital stock is comprised of 250,000 authorized, issued and fully paid common shares with a par value of US \$1.00 each.

1(b) Contributed Surplus

Not applicable

2(c) Dividends

There were no dividends paid or payable to the shareholder during 2023 and 2022.

ACADIA LIFE INTERNATIONAL LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL
STATEMENTS**

AS AT DECEMBER 31, 2023

Matters to be set forth in Notes to the Consolidated Balance Sheet

1. - 3. N/A

4. INVESTMENTS IN AND ADVANCES TO AFFILIATES

Advances to affiliates represents a receivable due from MAS Advisors for client related fees. This balance was received in early 2024. As of December 31st, 2022 due from affiliates also includes capital support \$100K due via a promissory note for shareholders, the funds were received by the company on April 5th 2023. The investments in and advances to affiliates are recorded at fair value. Advances between affiliates are repaid upon notification of the balance due.

5. - 9. N/A

10. ACCOUNTS AND PREMIUMS RECEIVABLE

The accounts receivable relates to accrued fees due from the segregated accounts.

11. REINSURANCE BALANCES RECEIVABLE

Chubb Tempest Life Reinsurance Ltd (“Chubb”) (formerly ACE Tempest Life Reinsurance Ltd) ultimately insured Acadia Wealth for all GMDB claims for each individual preferred shareholder account, subject to a \$1 million limit per individual preferred shareholder and an aggregate annual limit of 2% of the annual average aggregate account values for all the existing preferred shareholders in which a claim is made. Acadia Wealth remains primarily liable to the preferred shareholder for the payment of benefits if Chubb cannot meet its obligations under the agreement. On December 31, 2023, the reinsurance balance receivable includes a reserve recoverable from Chubb of \$nil (2022 - \$1.5 million), which represents the total reserve amount recoverable for potential peak redemptions. The policy was terminated effective July 17th, 2023.

12. N/A

13. SUNDRY ASSETS

The Company records all respective separate account transactions on a trade date basis. The underlying investments held by variable life, variable annuity contract holders, and preferred shareholders are accounted for as segregated account assets and policyholders funds on deposit (line 13c) and are recorded at fair value based on the most recent valuation date as provided by independent investment managers, mutual funds, or custodians.

ACADIA LIFE INTERNATIONAL LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL
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AS AT DECEMBER 31, 2023

On December 31, 2023 and 2022 segregated account assets and segregated account liabilities included:

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Segregated Account Assets | \$ 51,912,122 | 44,734,618 |
| Segregated Account Assets – preferred shares | -0- | 22,301,543 |
| | <hr/> | <hr/> |
| Total Segregated Account Assets | <u>51,912,122</u> | <u>67,036,161</u> |

During 2023, the maximum amount of loans available to a variable life or variable annuity contract holder is 90% of the contracts cash surrender value. Interest of approximately 2.35% less an administrative charge is accrued monthly. Each policy loan is secured by assets held within the related segregated account and the related contract holder's death benefit. There were no policy loans as at December 31, 2023 and 2022.

14. N/A

16 - 27. N/A

28. INSURANCE AND REINSURANCE PAYABLE

Reinsurance premiums of \$nil (2022 - \$10,294) payable at year-end for the December and fourth quarter of 2023 period of which \$nil (2022 - \$10,294) is due to Chubb Reinsurance.

29. COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE

Unearned commissions and fees total \$8,407 (2022 - \$8,274).

30 - 31. N/A

32. AMOUNTS DUE TO AFFILIATES

Amounts due to affiliates are unsecured and interest free.

33. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The amount includes accounts payable and accrued liabilities payable at year end for general operating expenses.

34. – 35. N/A

36. SUNDRY LIABILITIES

Please refer to “Matters to be set forth in the Notes to the Consolidated Balance Sheet,” note 13 in relation to segregated account liabilities.

ACADIA LIFE INTERNATIONAL LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL
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Sundry liabilities include reserve for future benefits. Acadia Wealth Preferred Shares are offered with an optional income assurance benefit, more commonly known as a guaranteed minimum withdrawal benefit (“GMWB”). The GMWB feature guarantees the account owner the ability to withdraw the greater of 5% of the benefit amount, which is equal to all purchase payments after deductions for all redemptions or 5% of the previous year-end account value, annually, regardless of investment performance, for a period of 20 years.

The GMWB represents an embedded derivative in Preferred Shares that is required to be reported separately from the host contract. It is carried at fair value and reported in reserves for future benefits. Fair values for GMWB contracts are calculated using internally developed models and based upon the recommendations of an independent actuary because active, observable markets do not exist for those items. The fair value of the GMWB contracts is calculated as an aggregation of the best estimate of preferred shareholder behavior, claims costs projected over the lives of the contracts, credit standing adjustment, and risk margins. The resulting value is compared to any available market information that may be available, including reinsurance discussions and transactions. The Company believes the fair value results in an amount that Acadia Wealth would be required to transfer or receive from market participants in an active liquid market, if one existed, for those market participants to assume the risks associated with the guaranteed minimum benefits. The fair value is likely to materially diverge from the ultimate settlement of the liability as settlement will be based on its best estimate assumptions rather than those best estimate assumptions plus risk margins. In the absence of any transfer of the guaranteed benefit liability to a third party, the release of risk margins is likely to be reflected in future periods’ net income. Each component is unobservable in the marketplace and requires subjectivity by the Company in determining its value. The fair value of the GMWB embedded derivatives are modeled using significant unobservable preferred shareholder behavior inputs, such as lapses, fund selection, resets and withdrawal utilization, and risk margins.

37. N/A

Matters to be set forth in Notes to the Consolidated Statement of Income

6. N/A

15. OTHER INSURANCE INCOME

Please see “Matters to be set forth in a General Note to the Financial Statements,” note 4(d) for a description of other insurance income.

32. – Other Income (deductions) include income of \$778,876 (2022 - deduction of \$411,200) as a result of change in reserves retention for AWM contracts, and \$1,190,306 (2022 - \$nil) payments for peak redemptions relating to the termination of contracts.

36. N/A