

Financial Statements

**Ion Insurance Group, S.A.
San Jose, Costa Rica**

December 31, 2022, 2021 and 2020

Draft

Ion Insurance Group, S.A.
San Jose, Costa Rica

Financial Statements

December 31, 2022, 2021 and 2020

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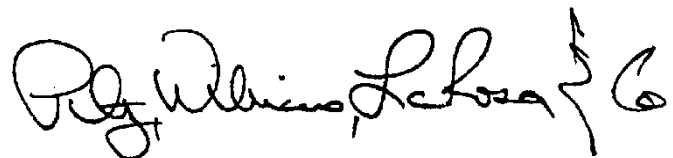
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To Management
Ion Insurance Group, S.A.
San Jose, Costa Rica

Management is responsible for the accompanying financial statements of Ion Insurance Group, S.A. (a corporation), which comprise the statements of assets, liabilities, and stockholder's equity – modified cash basis as of December 31, 2022, 2021 and 2020, and the related statements of revenues, expenses, and retained earnings – modified cash basis for the years then ended, in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to selected information disclosed on page 4 which describes the basis of investment in subsidiary. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

A handwritten signature in black ink, appearing to read 'R. Williams, CPA', with a stylized flourish to the right.

Certified Public Accountants

Biloxi, Mississippi
January 26, 2024

Ion Insurance Group, S.A.
Statement of Assets, Liabilities and Stockholder's Equity - Modified Cash Basis
Years Ended December 31,

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Assets

Current assets	2022	2021	2020
Cash	\$ 1,319,153	\$ 5,809,896	\$ 1,617,532
Certificate of deposit	-	-	100,000
Accounts receivable	9,232,960	12,521,223	10,390,822
Notes receivable	26,161,081	11,976,247	6,830,429
Due from affiliate	860,494	-	-
Total current assets	<u>37,573,688</u>	<u>30,307,366</u>	<u>18,938,783</u>
Long term assets			
Investment held by subsidiary-FMV	125,663,000	125,663,000	125,663,000
Oil and Gas reserves-FMV	40,000,000	40,000,000	40,000,000
Total long term assets	<u>165,663,000</u>	<u>165,663,000</u>	<u>165,663,000</u>
Total assets	<u>\$ 203,236,688</u>	<u>\$ 195,970,366</u>	<u>\$ 184,601,783</u>
Liabilities and Stockholder's Equity			
Current liabilities			
Contingent loss provision (IBNR)	\$ 3,648,567	\$ 5,369,894	\$ 1,555,792
Provision for outstanding losses	3,341,744	1,294,634	200,000
Unearned premiums	9,401,485	5,378,500	9,723,698
Total current liabilities	<u>16,391,796</u>	<u>12,043,028</u>	<u>11,479,490</u>
Stockholder's equity			
Stockholder's equity, beginning of year	183,927,338	173,122,293	172,550,263
Net revenue over expense	3,037,554	11,025,045	692,030
Dividends paid	(120,000)	(220,000)	(120,000)
Total stockholder's equity, end of year	<u>186,844,892</u>	<u>183,927,338</u>	<u>173,122,293</u>
Total liabilities and stockholder's equity	<u>\$ 203,236,688</u>	<u>\$ 195,970,366</u>	<u>\$ 184,601,783</u>

See accountants' compilation report.

Ion Insurance Group, S.A.
Statement of Revenue and Expenses - Modified Cash Basis
Years Ended December 31,

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Income	<u>2022</u>	<u>2021</u>	<u>2020</u>
Premium revenues	\$22,189,781	\$15,341,518	\$14,881,419
Change in provision for unearned premiums	<u>(4,022,985)</u>	<u>4,345,198</u>	<u>(9,554,793)</u>
Earned premiums, net of reinsurance	18,166,796	19,686,716	5,326,626
 Expenses			
Operating expenses	2,874,383	1,939,469	2,245,897
Bad debt expense	4,388,901	-	-
Claims paid	7,540,176	1,813,466	1,300,857
IBNR claims expense	(1,721,327)	3,814,102	1,137,842
Change in net provision for claims	2,047,109	1,094,634	(50,000)
Total expenses	<u>15,129,242</u>	<u>8,661,671</u>	<u>4,634,596</u>
 Net revenue over expense	 <u>\$ 3,037,554</u>	 <u>\$11,025,045</u>	 <u>\$ 692,030</u>

See accountants' compilation report.

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Ion Insurance Group, S.A.
Selected Information – Substantially All Disclosures Required by
The Modified Cash Basis of Accounting Are Not Included
December 31, 2022, 2021 and 2020

The Company has stated investment in subsidiaries and oil and gas reserves at fair market value in the accompanying financial statements, which is not considered a generally accepted modification of the modified cash basis of accounting. Management has not determined the effect of this departure on the financial statements. Management has determined that the fair market valuation basis provides a more accurate statement of its current financial position than alternative valuation methods.

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