

Maiden Holdings and Kestrel Group Announce Combination

Creating balance sheet light, fee-revenue focused, specialty insurance group

Maiden provides update on previously announced reserve review and other transactions

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PEMBROKE, Bermuda & DALLAS--([BUSINESS WIRE](#))--Maiden Holdings, Ltd. (Nasdaq: MHLN) (“Maiden” or the “Company”) and Kestrel Group LLC (“Kestrel”) today announced that they have entered into a combination agreement to combine and form a new, publicly listed specialty program group.

Pursuant to the terms of the combination agreement, at the closing of the transaction, each issued and outstanding common share of Maiden will be converted into the right to receive one common share in a newly formed Bermuda company that will acquire both Maiden and Kestrel (the “combined company”). The transaction values Kestrel at up to \$167.5 million, consisting of upfront cash of \$40 million, 55 million common shares of the combined company valued at \$82.5 million and an earnout of up to \$45 million payable in common shares of the combined company. At the closing of the transaction, the combined company will be rebranded as Kestrel Group and expects that its common shares will be listed on the Nasdaq.

The combination of Maiden and Kestrel brings together two values-driven insurance organizations with a shared commitment to innovation, service and long-term relationships. The combined company will be led by Luke Ledbetter (Chief Executive Officer), Terry Ledbetter (Executive Chairman), and Pat Haveron (President and Chief Financial Officer). The combined management team has decades of experience in specialty program and reinsurance underwriting.

Following closing of the transaction, Kestrel will continue to write business through its use of A.M. Best A- FSC XV insurance carriers Sierra Specialty Insurance Company, Rochdale Insurance Company, Park National Insurance Company, and Republic Fire and Casualty Insurance Company (collectively, the “Insurers”), all subsidiaries of AmTrust Financial Services, Inc. (“AmTrust”). In connection with the transaction, the combined company will have the option to acquire the Insurers from AmTrust.

Pat Haveron, Maiden’s Chief Executive Officer and Chief Financial Officer said, “The combination with Kestrel represents a transformative milestone for Maiden. Kestrel’s balance sheet light, fee revenue model will enable Maiden to realize our vision of delivering a strong fee-based insurance platform while selectively deploying underwriting capacity to optimize returns for shareholders. The Ledbetters and the broader Kestrel team have a long and proven track record of success in the specialty

program market, and we look forward to partnering with them to deliver value to program managers, MGAs, reinsurers and reinsurance brokers across a range of attractive specialty lines. The transaction provides a unique opportunity for Maiden shareholders to participate in the growth of what we believe will be a significant and differentiated competitor in the specialty insurance market.”

Luke Ledbetter, Kestrel’s President and Chief Executive Officer said, “The combination with Maiden will allow us to accelerate our growth plan and capitalize on favorable market tailwinds as we continue our efforts to become the leading specialty program group in the United States. We believe a balance sheet light, fee revenue model will best position the combined company for future growth. We look forward to working with Pat Haveron and the Maiden team.”

The transaction has been unanimously approved by all of the directors of Maiden that voted on the matter (with two directors, having declared their interest in the transaction, recusing themselves from voting) and unanimously approved by the Board of Managers of Kestrel. Following completion of the transaction, the board of directors of the combined company will consist of seven directors, made up of four directors selected by an affiliate of the Ledbetters, two of whom will be independent under applicable securities laws and stock exchange rules, and three directors selected by AmTrust, two of whom will be independent under applicable securities laws and stock exchange rules.

In connection with the transaction, Maiden has suspended its share repurchase program.

The transaction is subject to certain closing conditions, including the approval of Maiden’s shareholders, the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, the approval of listing of the shares of the combined company on the Nasdaq (subject to official notice of issuance) and the receipt of certain other regulatory approvals. Closing is expected to occur in the first half of 2025. Maiden will file a current report on Form 8-K with the U.S. Securities and Exchange Commission (the “SEC”) containing a summary of the terms and conditions of the transaction as well as a copy of the combination agreement.

Assuming that certain proposed amendments to the bye-laws of Maiden that have the effect of eliminating voting “cutback” requirements applicable to certain holders of Maiden common shares are adopted and become effective with the approval of Maiden shareholders, Maiden shareholders holding issued and outstanding shares representing approximately 44.8% of the total issued and outstanding Maiden common shares have agreed to vote (or cause their Maiden common shares to be voted) in favor of adopting the transactions contemplated by the combination agreement and against certain other transactions.

Insurance Advisory Partners LLC is acting as exclusive financial advisor and Paul, Weiss, Rifkind, Wharton & Garrison LLP is acting as legal counsel to Maiden. Appleby

(Bermuda) Limited is acting as independent legal counsel to the disinterested members of Maiden's Board of Directors.

Evercore is acting as exclusive financial advisor and Skadden, Arps, Slate, Meagher & Flom LLP is acting as legal counsel to Kestrel.

Update on Previously Announced Reserve Review and Other Matters

In its third quarter news release dated November 12, 2024, Maiden announced that it was conducting a detailed review of its reserves while exploring finality solutions to resolve the liabilities not covered by the Enstar LPT/ADC agreement, including through third parties. While the reserve review and exploration of finality solutions continues, Maiden currently anticipates that it will incur charges of up to \$150 million in the fourth quarter of 2024. This includes approximately \$25 million in charges related to resolution of certain related party transactions anticipated to be entered into effective December 31, 2024, pending regulatory approval, along with adverse development of loss reserves not covered by the Enstar LPT/ADC agreement, pending final determination of revised best estimates along with potential impairment of certain deferred acquisition costs and related charges. However, no determination as to the specific charges (including amounts thereof) has been made at this time.

As of September 30, 2024, the Company's wholly owned subsidiary, Maiden Holdings North America, Ltd., holds NOL carryforwards which totaled \$345.6 million. Approximately \$159.4 million or 46.1% of the Company's NOL carryforwards as of that date have no expiry date under the relevant U.S. tax law. These NOLs, in combination with additional net deferred tax assets primarily related to our insurance liabilities, result in a net U.S. deferred tax asset (before valuation allowance) of \$126.0 million as of September 30, 2024. The net deferred tax assets are not presently recognized on the Company's balance sheet as a full valuation allowance is carried against them. As a result of anticipated charges announced herein, the Company believes that its unrecognized net deferred tax asset will increase in the fourth quarter 2024. There is no assurance as to when the tax attributes may be utilized by the combined company or if they will ever be utilized.

As of September 30, 2024, the Company's book value per common share was \$2.09 and its adjusted book value per common share was \$2.98. Adjusted book value per common share includes the unamortized deferred gain on retroactive reinsurance arising from the Enstar LPT/ADC Agreement, which reflects the ultimate economic benefit to the Company of such agreement, which will begin being recognized into shareholders' equity commencing in the fourth quarter 2024.

About Maiden

Maiden Holdings, Ltd. is a Bermuda-based holding company formed in 2007. Maiden creates shareholder value by actively managing and allocating assets and capital, including through ownership and management of businesses and assets primarily in the insurance and related financial services industries where Maiden can leverage deep knowledge of those markets. Maiden also provides a full range of legacy services to small insurance companies, particularly those in run-off or with blocks of reserves that are no longer core, working with clients to develop and implement finality solutions including acquiring entire companies that enable clients to meet their capital and risk management objectives.

About Kestrel

Kestrel Group LLC, with offices located in Dallas and Austin, Texas, offers widely licensed A.M. Best "A-" (Excellent) admitted and surplus lines capacity. Kestrel is a unique strategic entity created to service program managers, MGAs, reinsurers and reinsurance brokers in their efforts to generate enhanced efficiencies in the insurance value chain. Kestrel's broad appetite allows it to offer comprehensive solutions to new and existing programs writing across many lines of business, with varying risk durations, sizes and types of products.