ACMAT CORPORATION

30 South Road
Farmington, CT 06032-2418

(860) 415-8400
www.acmatcorp.com
bmarshall@acmatcorp.com

Quarterly Report

For the period ending: June 30, 2026
(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock and Class A Stock was:

335,868 shares of Common Stock and 435,152 shares of Class A Stock as of August 4, 2026 (Date of filing)

335,868 shares of Common Stock and 435,152 shares of Class A Stock as of June 30, 2026 (Reporting date)

335,868 shares of Common Stock and 435,217 shares of Class A Stock as of December 31, 2025 (Prior year end)

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control[4] of the company has occurred during this reporting period:

Yes: ☐ No: ☒

[4] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

Provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

ACMAT Corporation (1973 to present)
Acoustical Materials Corporation (1950 to 1973)

Current State and Date of Incorporation or Registration:

Connecticut, USA; Incorporated March 16, 1951

Standing in this jurisdiction: (e.g. active, default, inactive):

Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

Address of the issuer's principal executive office:

30 South Road   Farmington, Connecticut, USA   06032-2418

Address of the issuer's principal place of business:

☒ *Check if principal executive office and principal place of business are the same address*

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒   Yes: ☐   If Yes, provide additional details below:

2) Security Information

Transfer Agent:

Name:	Equiniti Trust Company, LLC
Phone:	(800) 937-5449
Email:	help@equiniti.com
Address:	6201 15th Avenue Brooklyn, NY 11219

Publicly Quoted or Traded Securities:

Trading symbol:	ACMT	
Exact title and class of securities outstanding:	Common Stock	
CUSIP:	004616108	
Par or stated value:	No Par Value	
Total shares authorized:	3,500,000	as of date: June 30, 2026
Total shares outstanding:	335,868 [1]	as of date: June 30, 2026
Number of shares in the Public Float [2]:	14,209	as of date: June 30, 2026
Total number of shareholders of record:	19	as of date: June 30, 2026

All additional class of publicly traded securities:

Trading symbol:	ACMTA	
Exact title and class of securities outstanding:	Class A Stock	
CUSIP:	004616207	
Par or stated value:	No Par Value	
Total shares authorized:	10,000,000	as of date: June 30, 2026
Total shares outstanding:	435,352 [3]	as of date: June 30, 2026
Number of shares in the Public Float [2]:	26,956	as of date: June 30, 2026
Total number of shareholders of record:	28	as of date: June 30, 2026

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

None

Security Description:

1. For common equity, describe any dividend, voting and preemption rights.

   Common stock and Class A stock are identical in all aspects, except with respect to voting rights. Common stockholders are granted one vote per share while Class A stockholders are granted one-tenth of a vote per share.

[1] Of the 335,868 shares outstanding, 293,739 are directly owned by Henry W. Nozko, Jr., Chairman and Chief Executive Officer.

[2] "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

[3] Of the 435,152 Class A shares outstanding, 104,490 are directly owned by Henry W. Nozko, Jr., Chairman and Chief Executive Officer.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

   Not applicable

3. Describe any other material rights of common or preferred stockholders.

   Not applicable

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

   Not applicable

3) Issuance History

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒

The following tables itemize the changes in the Issuer's Common stock and Class A stock from December 31, 2023 through the current reporting date.

Shares Outstanding as of Second Most Recent Fiscal Year End: Opening Balance: Date Dec. 31, 2024 Common: 335,876			ACMAT Corporation Common Stock (ACMT)						
Date of Transaction	**Transaction type (e.g. new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).**	**Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided**	**Restricted or Unrestricted as of this filing.**	**Exemption or Registration Type.**
01/28/2025	Purchase of Shares	(8)	Common	N/A	N/A	N/A	N/A	N/A	N/A
Shares Outstanding on Date of This Report: Ending Balance: Date Jun. 30, 2026 Common: 335,868									

Shares Outstanding as of Second Most Recent Fiscal Year End: Opening Balance: Date Dec. 31, 2024 Class A: 435,221			ACMAT Corporation Class A Stock (ACMTA)						
Date of Transaction	**Transaction type (e.g. new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).**	**Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided**	**Restricted or Unrestricted as of this filing.**	**Exemption or Registration Type.**
01/28/2025	Purchase of Shares	(4)	Class A	N/A	N/A	N/A	N/A	N/A	N/A
04/20/2026	Purchase of Shares	(65)	Class A	N/A	N/A	N/A	N/A	N/A	N/A
Shares Outstanding on Date of This Report: Ending Balance: Date Jun. 30, 2026 Class A: 435,152									

Common stock and Class A stock are repurchased from public shareholders and subsequently retired.

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☒ Yes: ☐

The issuer maintains a $1 million revolving line of credit and a $3 million term loan advance line of credit with a financial institution. Interest accrues at the one-month tenor Secured Overnight Financing Rate (SOFR), plus 200 basis points. Interest incurred through the first six months of 2026 is $4,968. Neither instrument is convertible into any class of the Company's equity securities.

4) Issuer's Business, Products and Services

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

ACMAT Corporation, through its wholly-owned subsidiary, ACSTAR Insurance Company, markets surety products throughout the United States. Prior to 2010, ACMAT Corporation provided construction contracting services to commercial and governmental customers.

B. List any subsidiaries, parent company, or affiliated companies.

The following illustrates the Issuer's subsidiaries and holding system. Indentation is indicative of ownership. All ownership interests are 100%. States of incorporation are shown parenthetically.

ACMAT Corporation (CT)
… AMINS Inc. (CT)
… ACMAT Realty Corporation (CT)
… ACSTAR Holdings, Inc. (DE)
… … ACSTAR Insurance Company (IL)

C. Describe the issuers' principal products or services.

The Issuer, through ACSTAR Insurance Company, offers surety bonds for almost all classifications of construction contractors. ACSTAR also provides other miscellaneous surety such as workers' compensation bonds, supply bonds, subdivision bonds, and license and permit bonds.

5) Issuer's Facilities

The Issuer's principal place of business is located at 30 South Road Farmington, CT 06032-2418. The Issuer does not maintain any other office locations or operations. The issuer owns the property outright and the ownership interest is unencumbered as of the reporting date.

6) All Officers, Directors, and Control Persons of the Company

Individual Name (First, Last) **or Entity Name** (Include names of control person(s) if a corporate entity)	**Position/Company Affiliation** (ex: CEO, 5% Control person)	**City and State** (Include Country if outside U.S.)	**Number of Shares Owned** (List common, preferred, warrants and options separately)	**Class of Shares Owned**	**Percentage of Class of Shares Owned** (undiluted)
Henry Walter Nozko, Jr.	Director, Officer (Chief Executive), and Stockholder	Franklin, TN	293,739	Common	88%
Henry Walter Nozko, Jr.	Director, Officer (Chief Executive), and Stockholder	Franklin, TN	104,490	Class A	24%
Henry Walter Nozko, III	Director, Officer (Executive Vice President), and Stockholder	Nashville, TN	13,420	Common	4%
Henry Walter Nozko, III	Director, Officer (Executive Vice President), and Stockholder	Nashville, TN	12,250	Class A	3%
Brian Patrick Marshall, CPA	Officer (Vice President)	Longmeadow, MA	None	None	None
Gary Michael Case, Esq.	Officer (Vice President)	Glastonbury, CT	None	None	None
Robert Henry Frazer	Director	La Quinta, CA	None	None	None
HG Holdings, Inc. *(Steven A. Hale, II; CEO)*	Stockholder (More than 5% of share class)	Charlotte, NC	291,456	Class A	67%

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

   None

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

   None

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

   None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

   None

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

   None

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

   None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Securities Counsel:

Name:	Robinson & Cole, LLP
Address 1:	One State St.
Address 2:	Hartford, CT 06103
Phone:	(860) 275-8200

Accountant or Auditor:

Firm:	Crowe, LLP
Address 1:	62 Memorial Rd. Suite 100
Address 2:	West Hartford, CT 06107
Phone:	(860) 678-9200

Other Service Providers:

There were no Other Service Providers used in the preparation of this disclosure statement.

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name:	Brian P. Marshall, CPA
Title:	Vice President
Relationship to Issuer:	Corporate Officer

B. The following financial statements were prepared in accordance with:

☐ IFRS
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name:	Brian P. Marshall, CPA
Title:	Vice President
Relationship to Issuer:	Corporate Officer

Describe the qualifications of the person or persons who prepared the financial statements:

The financial statements were prepared by Brian Marshall, who has been the principal financial officer of the Company since 2012. Mr. Marshall is a Certified Public Accountant and holds degrees in accountancy and finance. Prior to joining the Company, Mr. Marshall worked for KPMG LLP.

The Issuer's Quarterly Report is attached. The Issuer's unaudited Quarterly Report ("ACMAT Corporation June 30, 2026 Consolidated Financial Statements") is also available on the Company's Investor Relations site (www.acmatcorp.com/quarterly-reports/).

10) Issuer Certification

Principal Executive Officer:

I, Henry Walter Nozko, Jr. certify that:

1. I have reviewed this Disclosure Statement for ACMAT Corporation;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 4, 2026

/s/ Henry Walter Nozko, Jr.

Principal Financial Officer:

I, Brian Patrick Marshall, CPA certify that:

1. I have reviewed this Disclosure Statement for ACMAT Corporation;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 4, 2026

/s/ Brian Patrick Marshall, CPA

ACMAT CORPORATION

ACMAT CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

June 30, 2026

(Unaudited)

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Financial Statements
June 30, 2026
(Unaudited)

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ACMAT CORPORATION AND SUBSIDIARIES

Consolidated Statements of Financial Position
As of June 30, 2026 and December 31, 2025

Assets	**June 30, 2026** (Unaudited)	**December 31, 2025**
Investments:		
Fixed maturities (Amortized cost of $31,876,245 and $32,862,346; allowance for expected credit losses of $28,210 and $22,362)	$ 30,682,488	$ 31,797,997
Equity securities (Cost of $4,876,578 and $5,029,474)	4,211,477	4,524,848
Short-term investments	728,268	1,410,044
Receivable for securities sold	50,000	44,545
Total investments	35,672,233	37,777,434
Cash and cash equivalents	528,058	1,036,093
Accrued interest receivable	392,429	398,582
Premiums receivable, net of allowance for credit losses of $15,726 as of June 30, 2026 and $16,077 as of December 31, 2025	44,746	54,818
Reinsurance recoverable	257,963	250,862
Income taxes receivable	378,202	403,705
Deferred income taxes, net	615,476	538,257
Property and equipment, net	3,683,543	3,771,602
Deferred policy acquisition costs	32,050	23,135
Ceded unearned premiums	72,356	39,037
Contract funds held	64,076	-
Net cash surrender value on officers' life insurance	2,841,267	2,754,042
Prepaid expenses and other assets	411,918	232,533
Intangibles	1,920,360	1,920,360
Total assets	$ 46,914,677	$ 49,200,460
Liabilities and Stockholders' Equity		
Reserves for losses and loss adjustment expenses	$ 8,422,039	$ 8,450,247
Unearned premiums	264,191	267,318
Contract funds payable	64,076	-
Collateral held	7,827,378	9,786,428
Reinsurance premiums payable	12,101	10,129
Accounts payable and accrued liabilities	836,602	906,329
Total liabilities	17,426,387	19,420,451
Common Stock (No par value; 3,500,000 shares authorized; 336,068 shares issued and 335,868 shares outstanding)	335,868	335,868
Class A Stock (No par value; 10,000,000 shares authorized; 435,152 shares issued and outstanding)	435,152	435,217
Retained earnings	29,638,052	29,832,094
Accumulated other comprehensive loss	(920,782)	(823,170)
Total stockholders' equity	29,488,290	29,780,009
Total liabilities and stockholders’ equity	$ 46,914,677	$ 49,200,460

See accompanying Notes to Consolidated Financial Statements (Unaudited)

ACMAT CORPORATION AND SUBSIDIARIES

Consolidated Statements of Net Losses and Earnings (Unaudited)

For the Three Months and Six Months Ended June 30, 2026 and 2025

	Three months ended June 30,		Six Months ended June 30,	
	2026	2025	2026	2025
Revenues				
Premiums	$ 233,262	$ 310,511	$ 414,177	$ 615,628
Investment income	416,906	442,404	836,313	951,562
Realized capital gains	85,175	112,568	290,630	195,484
Unrealized capital gains (losses) on equity securities	625	(72,941)	(160,475)	(173,417)
Fee and other income	54,796	47,685	68,908	85,654
Total revenues	790,764	840,227	1,449,553	1,674,911
Expenses				
Incurred losses and loss adjustment expenses	36,026	49,225	66,059	97,596
Policy acquisition costs	34,902	52,740	60,792	91,522
General and administrative expenses	744,491	712,462	1,527,386	1,444,361
Interest expense	4,407	3,937	6,235	8,549
Total expenses	819,826	818,364	1,660,472	1,642,028
(Losses) earnings before income taxes	(29,062)	21,863	(210,919)	32,883
Provision for income taxes	(16,513)	(9,899)	(18,243)	(107)
Net (losses) earnings	$ (12,549)	$ 31,762	$ (192,676)	$ 32,990
(Losses) earnings, per-share:				
Common stock	$ (0.02)	$ 0.04	$ (0.25)	$ 0.04
Class A stock	$ (0.02)	$ 0.04	$ (0.25)	$ 0.04

Consolidated Statements of Comprehensive Loss and Income (Unaudited)

For the Three Months and Six Months Ended June 30, 2026 and 2025

	Three months ended June 30,		Six Months ended June 30,	
	2026	2025	2026	2025
Net (losses) earnings	$ (12,549)	$ 31,762	$ (192,676)	$ 32,990
Change in net unrealized gains and losses on fixed maturity securities available-for-sale	216,490	(220,214)	(123,560)	(115,253)
Income tax (benefit) expense	45,463	(46,245)	(25,948)	(24,203)
Other comprehensive (loss) income, net of taxes	171,027	(173,969)	(97,612)	(91,050)
Comprehensive (loss) income	$ 158,478	$ (142,207)	$ (290,288)	$ (58,060)

See accompanying Notes to Consolidated Financial Statements (Unaudited)

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity (Unaudited)
For the Six Months Ended June 30, 2026 and 2025

	Common Stock Par value	Class A Stock Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of December 31, 2024	$ 335,876	$ 435,221	$ 29,273,274	$ (1,165,867)	$ 28,878,504
Acquisition of 8 shares of common stock	(8)	-	(384)	-	(392)
Acquisition of 4 shares of class A stock	-	(4)	(112)	-	(116)
Comprehensive loss:					
Net change in unrealized capital gains and losses on investment securities available-for-sale, net of reclassification	-	-	-	(91,050)	(91,050)
Net earnings	-	-	32,990	-	32,990
Comprehensive loss	-	-	32,990	(91,050)	(58,060)
Balance as of June 30, 2025	$ 335,868	$ 435,217	$ 29,305,768	$ (1,256,917)	$ 28,819,936
Balance as of December 31, 2025	$ 335,868	$ 435,217	$ 29,832,094	$ (823,170)	$ 29,780,009
Acquisition of 65 shares of class A stock	-	(65)	(1,366)	-	(1,431)
Comprehensive loss:					
Net change in unrealized capital gains and losses on investment securities available-for-sale, net of reclassification	-	-	-	(97,612)	(97,612)
Net loss	-	-	(192,676)	-	(192,676)
Comprehensive loss	-	-	(192,676)	(97,612)	(290,288)
Balance as of June 30, 2026	$ 335,868	$ 435,152	$ 29,638,052	$ (920,782)	$ 29,488,290

See accompanying Notes to Consolidated Financial Statements (Unaudited)

ACMAT CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Unaudited)
For the Six Months Ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities		
Net (losses) earnings	$ (192,676)	$ 32,990
Adjustments to reconcile net (losses) earnings to net cash used for operating activities:		
Depreciation and amortization	93,911	91,009
Investment income	36,675	11,748
Realized capital gains	(290,630)	(195,484)
Unrealized capital losses on equity securities	160,475	173,417
Deferred income tax benefit	(51,271)	(32,107)
Changes in:		
Accrued interest receivable	6,153	(5,682)
Receivables	10,072	(30,876)
Reinsurance recoverable	(7,101)	(10,491)
Income taxes receivable	25,503	(58,000)
Deferred policy acquisition costs	(8,915)	34,380
Prepaid expenses and other assets	(266,610)	(317,918)
Reserves for losses and loss adjustment expenses	(28,208)	21,514
Unearned premiums, net	(36,446)	(162,926)
Collateral held	(1,959,050)	(1,212,067)
Reinsurance premiums payable	1,972	2,135
Accounts payable and accrued liabilities	(69,766)	27,897
Net cash used for operating activities	(2,575,912)	(1,630,461)
Cash flows from investing activities		
Proceeds from investments sold, matured or redeemed:		
Fixed maturities	2,687,765	1,520,143
Equity securities	3,008,962	1,083,750
Purchases of:		
Fixed maturities	(1,744,823)	(1,928,257)
Equity securities	(2,567,502)	(365,678)
Short-term investments, net	690,758	1,132,092
Capital expenditures	(5,852)	(1,622)
Net cash provided by investing activities	2,069,308	1,440,428
Cash flows from financing activities		
Acquisition and retirement of common shares	-	(392)
Acquisition and retirement of Class A shares	(1,431)	(116)
Net cash used for financing activities	(1,431)	(508)
Net change in cash and cash equivalents	(508,035)	(190,541)
Cash and cash equivalents, beginning of period	1,036,093	1,094,204
Cash and cash equivalents, end of period	$ 528,058	$ 903,663

Supplemental disclosure of cash flows information:

Cash paid for income taxes	30,000	58,000
Cash paid for interest	4,968	3,733

See accompanying Notes to Consolidated Financial Statements (Unaudited)

(1) Basis of Presentation and Accounting Policies

(a) Basis of Presentation

The consolidated financial statements include the accounts of ACMAT Corporation ("ACMAT" or "the Company") and its subsidiaries. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and are unaudited.

The interim financial information contained in this report has been prepared from the books and records of the Company and its subsidiaries and reflects, in the opinion of the management of the Company, all adjustments (consisting of normal and recurring accruals) necessary to fairly present results of operations for the periods indicated. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior period balances have been reclassified to confirm to current period classification.

These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended December 31, 2025.

(b) Nature of Operations

ACMAT, through its wholly-owned subsidiary, ACSTAR Insurance Company ("ACSTAR"), provides surety bonds for prime contractors, specialty trade, environmental remediation and asbestos abatement contractors, and miscellaneous surety. ACSTAR is licensed to write business nationwide and is an approved surety by the United States Department of the Treasury.

(2) Investments

(a) Fixed Maturities

The amortized cost and fair value of investments in fixed maturities available-for-sale as of June 30, 2026 and December 31, 2025 were as follows[1]:

	As of June 30, 2026				
	Amortized Cost	Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government and government agencies	$ 5,327,581	$ -	$ 7,921	$ 112,856	$ 5,222,646
States, municipalities and political subdivisions	17,057,769	-	48,865	611,722	16,494,912
Industrial and miscellaneous	7,740,474	9,440	73,434	526,829	7,277,639
Mortgage-backed securities	1,244,779	18,770	37,457	28,385	1,235,081
Redeemable preferred stock	505,642	-	340	53,772	452,210
Total fixed maturities	$ 31,876,245	$ 28,210	$ 168,017	$ 1,333,564	$ 30,682,488

[1] The tables above present information compiled at the individual lot level. Certain unrealized gains and losses presented may be offset or affected by unrealized gains and losses on additional holdings of the same security.

	As of December 31, 2025				
	Amortized Cost	Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government and government agencies	$ 5,351,581	$ -	$ 32,999	$ 88,852	$ 5,295,728
States, municipalities and political subdivisions	17,654,388	-	58,613	662,899	17,050,102
Industrial and miscellaneous	7,799,856	10	83,332	428,628	7,454,550
Mortgage-backed securities	1,601,419	22,352	45,729	31,717	1,593,079
Redeemable preferred stock	455,102	-	1,040	51,604	404,538
Total fixed maturities	$ 32,862,346	$ 22,362	$ 221,713	$ 1,263,700	$ 31,797,997

(b) Equity Securities

The cost and fair value of investments in equity securities as of June 30, 2026 and December 31, 2025 were as follows[2]:

	As of June 30, 2026			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Perpetual preferred stock	$ 3,798,987	$ 2,911	$ 798,564	$ 3,003,334
Common stock	1,077,591	271,254	140,702	1,208,143
Total equity securities	$ 4,876,578	$ 274,165	$ 939,266	$ 4,211,477

	As of December 31, 2025			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Perpetual preferred stock	$ 3,898,247	$ 5,208	$ 697,615	$ 3,205,840
Common stock	1,131,227	311,264	123,483	1,319,008
Total equity securities	$ 5,029,474	$ 316,472	$ 821,098	$ 4,524,848

(c) Short-Term Investments

The Company’s short-term investments consist of high credit-quality registered money market funds and fixed maturity debt securities purchased within one year of contractual maturity. Fair value approximated amortized cost at June 30, 2026 and December 31, 2025.

[2] The tables above present information compiled at the individual lot level. Certain unrealized gains and losses presented may be offset or affected by unrealized gains and losses on additional holdings of the same security.

(d) Unrealized Capital Losses

The following tables summarize, for all fixed maturities in an unrealized loss position at June 30, 2026 and December 31, 2025, the aggregate fair value and gross unrealized loss by length of time those securities have been continuously in an unrealized loss position [3]:

	Less than 12 Months			
	As of June 30, 2026		As of December 31, 2025	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
States, municipalities and political subdivisions	$ 3,653,407	$ 60,779	$ 3,499,976	$ 68,604
Industrial and miscellaneous	1,954,145	77,863	1,358,499	32,137
Mortgage-backed securities	308,919	2,803	144,347	325
Redeemable preferred stock	171,830	3,170	24,290	710
Total fixed maturities	$ 6,088,301	$ 144,615	$ 5,027,112	$ 101,776

	Greater than 12 Months			
	As of June 30, 2026		As of December 31, 2025	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. government and government agencies	$ 3,004,364	$ 112,856	$ 3,025,906	$ 88,852
States, municipalities and political subdivisions	9,278,606	550,943	9,856,459	594,295
Industrial and miscellaneous	2,474,493	448,966	3,006,797	396,491
Mortgage-backed securities	406,700	25,582	639,738	31,392
Redeemable preferred stock	205,040	50,602	279,748	50,894
Total fixed maturities	$ 15,369,203	$ 1,188,949	$ 16,808,648	$ 1,161,924

	Total			
	As of June 30, 2026		As of December 31, 2025	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. government and government agencies	$ 3,004,364	$ 112,856	$ 3,025,906	$ 88,852
States, municipalities and political subdivisions	12,932,013	611,722	13,356,435	662,899
Industrial and miscellaneous	4,428,638	526,829	4,365,296	428,628
Mortgage-backed securities	715,619	28,385	754,085	31,717
Redeemable preferred stock	376,870	53,772	304,038	51,604
Total fixed maturities	$ 21,457,504	$ 1,333,564	$ 21,805,760	$ 1,263,700

[3] The tables above present information compiled at the individual lot level. Certain unrealized losses presented may be offset or affected by unrealized gains and losses on additional holdings of the same security. Management assesses other than temporary impairment at the aggregate level when it is believed that unit size will not trigger significant pricing variations or affect market efficiency.

(e) Allowance for Expected Credit Losses

The following table presents the allowance for expected credit losses on fixed maturities available-for-sale as of June 30, 2026 and 2025 and the changes for the three months and six months then ended.

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
Balance, April 1	$ 22,588	$ 50,284
Remeasurement of expected credit losses where credit losses were previously reported	5,622	250
Reductions due to sales or deaults of credit-impaired securities	-	(32,054)
Balance, June 30	$ 28,210	$ 18,480

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Balance, January 1	$ 22,362	$ 48,475
Additions for expected credit losses where no credit losses were previously reported	-	1,095
Remeasurement of expected credit losses where credit losses were previously reported	5,848	(845)
Reductions due to sales or deaults of credit-impaired securities	-	(30,245)
Balance, June 30	$ 28,210	$ 18,480

(3) Fair Value Measurement

The Company's estimates of fair value for financial assets and financial liabilities are based on a fair value hierarchy. The hierarchy is based on the inputs used in valuation and gives the highest priority to quoted prices in active markets, requiring that observable inputs be used in the valuations when available. The fair value hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Company's significant market assumptions. The three levels of the hierarchy are as follows:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

Level 3 – Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use.

The fair value of a financial instrument is the estimated amount at which the instrument could be exchanged in an orderly transaction between knowledgeable, unrelated willing parties, i.e., not in a forced transaction. The estimated fair value of a financial instrument may differ from the amount that could be realized if the instrument was sold in an immediate sale (i.e., a forced transaction). Additionally, the valuation of fixed maturity investments is more subjective when markets are less liquid due to the lack of market-based inputs, which may increase the potential that the estimated fair value (i.e., the carrying amount) of an investment is not reflective of the price at which an actual transaction would occur.

The Company utilizes one pricing service as its primary source for obtaining pricing information for substantially all of its financial instruments that are carried at fair value. In the event prices are not available from the primary pricing service, secondary pricing services are used to obtain pricing information based on a price source hierarchy. The Company then uses its third-party investment accounting service provider to analyze prices received from the pricing services to determine that they represent a reasonable estimate of fair value. Management employs additional analysis (including a weekly review of fair value changes and comparison of price changes to external indices and trends) to assess the reasonableness of prices provided by pricing services. The following section describes the valuation methods underlying each type of financial instrument held by the Company that is carried at fair value.

Fixed Maturities

The pricing service utilizes market quotations for fixed maturity securities that have quoted prices in active markets. Because fixed maturities other than U.S. Treasury securities generally do not trade on a daily basis, the pricing service prepares estimates of fair value measurements for these securities using proprietary pricing applications which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings and matrix pricing.

The fair value estimates of most fixed maturity investments are based on observable market information rather than market quotes. Accordingly, the estimates of fair value for such fixed maturities, other than U.S. Treasury securities, provided by the pricing service are included in the amount disclosed in Level 2 of the hierarchy. The estimated fair value of U.S. Treasury securities are included in the amount disclosed in Level 1, as the estimates are based on unadjusted market prices.

Equity Securities

For publicly-traded common stocks, the Company receives prices from the pricing service that are based on observable market transactions and includes these estimates in the amount disclosed in Level 1. Under certain circumstances, current market quotes in active markets are unavailable for certain perpetual preferred stocks held by the Company. In these instances, the Company receives an estimate of fair value from the pricing service that provides fair value estimates for the Company's fixed maturities. The service utilizes some of the same methodologies to price the perpetual preferred stocks as it does for fixed maturities. The Company includes the estimate in the amount disclosed in Level 2.

Short-Term Investments

The Company's short-term investments in U.S. Government money market funds are priced based on net asset values, which are the basis for current transactions and represent fair value. The assets' classifications within the fair value hierarchy are determined based on the lowest level input of the underlying investments that is significant to each instrument's individual measurement.

The Company's short-term investments in fixed maturities purchased within one year of contractual maturity follow the pricing policies and framework for fixed maturity securities.

Fair Value Hierarchy

The following tables present the level within the fair value hierarchy at which the Company's financial assets and liabilities are measured on a recurring basis at June 30, 2026 and December 31, 2025.

	As of June 30, 2026				
	Level 1	Level 2	Level 3	Net Asset Value	Total
Assets:					
Fixed maturities					
U.S. government and government agencies	$ 5,222,646	$ -	$ -	$ -	$ 5,222,646
States, municipalities and political subdivisions	-	16,494,912	-	-	16,494,912
Industrial and miscellaneous	-	7,277,639	-	-	7,277,639
Mortgage-backed securities	-	1,235,081	-	-	1,235,081
Redeemable preferred stock	-	452,210	-	-	452,210
Total fixed maturities	5,222,646	25,459,842	-	-	30,682,488
Equity securities					
Perpetual preferred stock	-	3,003,334	-	-	3,003,334
Common stock	1,206,634	-	-	1,509	1,208,143
Total equity securities	1,206,634	3,003,334	-	1,509	4,211,477
Short-term investments	275,000	-	-	453,268	728,268
Receivable for securities	-	50,000	-	-	50,000
Total assets	$ 6,704,280	$ 28,513,176	$ -	$ 454,777	$ 35,672,233

	As of December 31, 2025				
	Level 1	Level 2	Level 3	Net Asset Value	Total
Assets:					
Fixed maturities					
U.S. government and government agencies	$ 5,295,728	$ -	$ -	$ -	$ 5,295,728
States, municipalities and political subdivisions	-	17,050,102	-	-	17,050,102
Industrial and miscellaneous	-	7,454,550	-	-	7,454,550
Mortgage-backed securities	-	1,593,079	-	-	1,593,079
Redeemable preferred stock	-	404,538	-	-	404,538
Total fixed maturities	5,295,728	26,502,269	-	-	31,797,997
Equity securities					
Perpetual preferred stock	-	3,205,840	-	-	3,205,840
Common stock	1,317,707	-	-	1,301	1,319,008
Total equity securities	1,317,707	3,205,840	-	1,301	4,524,848
Short-term investments	856,328	-	-	553,716	1,410,044
Receivable for securities	$ -	$ 44,545	$ -	$ -	$ 44,545
Total assets	$ 7,469,763	$ 29,752,654	$ -	$ 555,017	$ 37,777,434

There were no significant transfers between Level 1 and 2 or from level 3 in 2026 or 2025. The Company had no material assets or liabilities that were measured at fair value on a non-recurring basis during the periods ended June 30, 2026 and 2025. The Company held investments in common stock mutual funds priced using net asset value totaling $1,509 at June 30, 2026 and $1,301 at December 31, 2025. Assets using net asset value as a practical expedient present the risk that the price obtained when disposing the asset may differ from that used to determine fair value.

(4) Losses and Earnings Per-Share

Losses and earnings per share is calculated using the two-class method. Basic losses and earnings per share is calculated using the weighted average number of shares outstanding during the period. There are no dilutive or anti-dilutive instruments or events as of, or for the periods ended, June 30, 2026 and 2025. The following tables detail losses and earnings per share computations, by class of stock, for the three months and six months ended June 30, 2026 and 2025.

	Three Months Ended June 30,			
	2026		2025	
	Common Stock	Class A Stock	Common Stock	Class A Stock
Undistributed net (losses) earnings	$ (5,467)	$ (7,082)	$ 13,835	$ 17,927
Weighted average shares	335,868	435,154	335,868	435,217
(Losses) earnings per share	$ (0.02)	$ (0.02)	$ 0.04	$ 0.04

	Six Months Ended June 30,			
	2026		2025	
	Common Stock	Class A Stock	Common Stock	Class A Stock
Undistributed net (losses) earnings	$ (83,929)	$ (108,747)	$ 14,370	$ 18,620
Weighted average shares	335,868	435,185	335,869	435,218
(Losses) earnings per share	$ (0.25)	$ (0.25)	$ 0.04	$ 0.04

The rights of holders of Common Stock and Class A Stock are identical, except with respect to voting rights. Per share amounts are equal for shares of Common Stock and Class A Stock for the three months and six months ended June 30, 2026 and 2025 because holders of the stock are entitled to equal shares of earnings and losses.

(5) Debt

In April 2026, the Company renewed its commercial credit agreement with its financial institution at expiring terms. The commercial credit agreement serves as a credit facility from which a $1 million revolving line of credit and $3 million term loan advance line of credit originate. There were no amounts outstanding on either instrument at June 30, 2026 or December 31, 2025.

(6) Comprehensive Loss

The following tables present the changes in the Company's accumulated other comprehensive loss for the three months and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
Balance, April 1	$ (1,091,809)	$ (1,082,948)
Other comprehensive income (loss) before reclassifications to losses, net	163,373	(167,689)
Reclassifications, net	7,654	(6,280)
Other comprehensive loss, net of taxes	171,027	(173,969)
Balance, June 30	$ (920,782)	$ (1,256,917)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Balance, January 1	$ (823,170)	$ (1,165,867)
Other comprehensive loss before reclassifications to losses and earnings, net	(95,980)	(84,802)
Reclassifications, net	(1,632)	(6,248)
Other comprehensive loss, net of taxes	(97,612)	(91,050)
Balance, June 30	$ (920,782)	$ (1,256,917)

The following tables present the pretax and related income tax consequence of the amounts reclassified from the Company's accumulated other comprehensive loss to the Company's consolidated statements of net losses and earnings for the three months and six months ended June 30, 2026 and 2025.

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
Realized capital (losses) gains reclassified to net earnings and losses during the period	$ (9,689)	$ 7,950
Income tax (benefit) expense	(2,035)	1,670
Reclassifications, net	$ (7,654)	$ 6,280

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Realized capital gains reclassified to net losses and earnings during the period	$ 2,066	$ 7,909
Income tax expense	434	1,661
Reclassifications, net	$ 1,632	$ 6,248

The following tables present the pretax components of other comprehensive loss and income and related income tax effect for the three months and six months ended June 30, 2026 and 2025.

	Three Months Ended June 30,	
	2026	2025
Increase (decrease) in unrealized holding gains and losses arising during the period	206,801	$ (212,264)
Tax (expense), benefit recognized on unrealized holding gains and losses arising during the period	(43,428)	44,575
Reclassification adjustment for gains and losses included in net losses, net of income taxes	7,654	(6,280)
Other comprehensive Income (loss), net	$ 171,027	$ (173,969)

	Six Months Ended June 30,	
	2026	2025
Decrease in unrealized holding gains and losses arising during the period	$ (121,494)	$ (107,345)
Tax benefit recognized on unrealized holding gains and losses arising during the period	25,514	22,543
Reclassification adjustment for (gains) losses included in net earnings and losses, net of income taxes	(1,632)	(6,248)
Other comprehensive loss, net	$ (97,612)	$ (91,050)

(7) Subsequent Events

There were no subsequent events requiring adjustment to the consolidated financial statements (unaudited) or disclosure therein through August 4, 2026, the date the Company’s consolidated financial statements (unaudited) were issued.