



**Aztec Land and Cattle
Company, Limited**

Financial Statements

December 31, 2025 and 2024



Wallace Plese + Dreher
CERTIFIED PUBLIC ACCOUNTANTS + CONSULTANTS

Aztec Land and Cattle Company, Limited

Contents

December 31, 2025 and 2024

Independent Auditor's Report	1-2
Financial Statements	
Statements of assets, liabilities, and stockholders' equity – income tax basis	3
Statements of revenues and expenses – income tax basis	4
Statements of changes in stockholders' equity – income tax basis	5
Notes to financial statements – income tax basis	6-16



Independent Auditor's Report

Board of Directors and Stockholders
Aztec Land and Cattle Company, Limited
P.O. Box 15548
Phoenix, AZ 85060

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aztec Land and Cattle Company, Limited, which comprise the statements of assets, liabilities, and changes in stockholders' equity—income tax basis as of December 31, 2025 and 2024, and the related statements of revenues and expenses—income tax basis and changes in stockholders' equity—income tax basis for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and stockholders' equity of Aztec Land and Cattle Company, Limited as of December 31, 2025 and 2024, and its revenues and expenses and changes in stockholders' equity for the years then ended in accordance with the basis of accounting Aztec Land and Cattle Company, Limited uses for income tax purposes described in *Note 1*.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Aztec Land and Cattle Company, Limited 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 opinion.

Emphasis of Matter — Basis of Accounting

We draw attention to *Note 1* of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting Aztec Land and Cattle Company, Limited uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting Aztec Land and Cattle Company, Limited uses for income tax purposes, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Aztec Land and Cattle Company, Limited's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Aztec Land and Cattle Company, Limited'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.

Wallace, Plese + Dreher, G.P.

Scottsdale, Arizona
January 30, 2026

Aztec Land and Cattle Company, Limited

Statements of Assets, Liabilities, and Stockholders' Equity - Income Tax Basis

December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 75,500	\$ 990,566
U.S. Treasury bills	-	973,468
Other receivables, related parties	327,951	27,444
Livestock inventory	-	721,525
Land	3,027,085	3,027,140
Investment in The Apache Railroad Company, LLC	3,592,687	3,632,623
Investment in Aztec Minerals, LLC	77,613	67,060
Project advances (Note 4)	143,100	143,100
Notes receivable, related parties (Note 5)	5,019,360	6,183,380
	<u>\$ 12,263,296</u>	<u>\$ 15,766,306</u>
Liabilities and Stockholders' Equity		
Liabilities		
Deferred gains on sales of land and membership interest (Note 6)	\$ 1,246,044	\$ 2,448,503
Cattle sale proceeds due to others	13,472	407,537
Notes payable, related parties (Note 7)	3,240,000	-
	<u>4,499,516</u>	<u>2,856,040</u>
Contingencies (Note 13)		
Stockholders' equity		
Common stock, \$0.25 par value; 500,000 shares authorized; 141,666 and 149,732 shares issued and outstanding as of December 31, 2025 and 2024, respectively (Note 9)	37,502	37,502
Preferred stock, \$0.000001 par value; 1,000,000 shares authorized; zero shares issued and outstanding	-	-
Additional paid-in capital	78,022	7,567,516
Retained earnings	7,648,256	5,305,248
	<u>7,763,780</u>	<u>12,910,266</u>
	<u>\$ 12,263,296</u>	<u>\$ 15,766,306</u>

See Notes to Financial Statements

Aztec Land and Cattle Company, Limited

Statements of Revenues and Expenses - Income Tax Basis

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues collected		
Rentals (<i>Note 10</i>)	\$ 3,459,613	\$ 3,656,540
Gain on sale of land and membership interest (<i>Note 6</i>)	1,202,459	8,149
Land sales	720,996	-
Dry Lake Farm revenue (<i>Note 17</i>)	123,897	216,041
Other revenue	473,195	395,000
	<u>5,980,160</u>	<u>4,275,730</u>
Expenses paid		
Amortization	52,436	39,936
Compensation expenses (<i>Note 11</i>)	290,686	255,040
District water and maintenance costs (<i>Note 17</i>)	149,248	-
Dry Lake Farm expenses (<i>Note 17</i>)		
Depreciation	961,477	-
Operating expenses	1,023,714	588,737
Interest expense (<i>Note 7</i>)	42,740	-
Other general and administrative expenses	216,568	211,209
Professional fees (<i>Note 15</i>)	388,846	320,315
Real estate and mineral taxes	9,093	8,786
	<u>3,134,808</u>	<u>1,424,023</u>
Excess of revenues collected over expenses paid before income taxes	2,845,352	2,851,707
Income taxes paid, net of refunds received	<u>502,344</u>	<u>717,586</u>
Excess of revenues collected over expenses paid	<u>\$ 2,343,008</u>	<u>\$ 2,134,121</u>

See Notes to Financial Statements

Aztec Land and Cattle Company, Limited
Statements of Changes in Stockholders' Equity - Income Tax Basis
Years Ended December 31, 2025 and 2024

	Common stock	Additional paid-in capital	Retained earnings	Total
Balances, December 31, 2023	\$ 37,502	\$ 7,818,820	\$ 3,171,127	\$ 11,027,449
Repurchase of shares (<i>Note 9</i>)	-	(251,304)	-	(251,304)
Excess of revenues collected over expenses paid	-	-	2,134,121	2,134,121
Balances, December 31, 2024	37,502	7,567,516	5,305,248	12,910,266
Repurchase of shares (<i>Note 9</i>)	-	(7,489,494)	-	(7,489,494)
Excess of revenues collected over expenses paid	-	-	2,343,008	2,343,008
Balances, December 31, 2025	<u>\$ 37,502</u>	<u>\$ 78,022</u>	<u>\$ 7,648,256</u>	<u>\$ 7,763,780</u>

See Notes to Financial Statements

Aztec Land and Cattle Company, Limited

Notes to Financial Statements – Income Tax Basis

December 31, 2025 and 2024

Note 1 – Nature of Business and Significant Accounting Policies

Nature of operations:

Aztec Land and Cattle Company, Limited (the "Corporation") was originally incorporated in New York in 1885 to own land in Navajo County, Arizona. Since the 1960s, the Corporation's business strategy has focused primarily on acquiring land to consolidate its holdings and, over time, develop them. The Corporation manages several related entities: Aztec Land Company, LLC (the "Company"), Aztec East Jeffers, LLC ("East Jeffers, LLC"), Aztec Despain Ranch, LLC ("Despain, LLC") and Aztec Minerals, LLC ("Minerals"). Combined, the Corporation and its related entities own approximately 239,000 acres of surface land and 318,000 acres of mineral rights. Revenues are derived primarily from various leases of its land, including solar and wind renewable energy development leases, grazing leases, and mineral leases. In 2023, the Corporation was re-domesticated from New York to Delaware.

A summary of the Corporation's significant accounting policies follows:

Basis of accounting:

The Corporation prepares its financial statements on the cash basis of accounting used by the Corporation for federal income tax purposes (hereafter, "the income tax basis of accounting"). The income tax basis of accounting is a special purpose financial reporting framework that differs from accounting principles generally accepted in the United States of America (U.S. GAAP). Consequently, depreciation expense on breeding cattle is computed under the modified accelerated cost recovery system (MACRS) with allowable federal income tax accounting treatment. When applicable, additional depreciation as provided by Internal Revenue Code (IRC) Sections 168(k) or 179 is taken. Such depreciation expense would, under U.S. GAAP, be computed over the useful lives of the assets using straight-line methods. In addition, certain revenues and expenses are recognized in the determination of excess (deficient) revenues over expenses collected in different reporting periods than they would be if the financial statements were prepared in conformity with U.S. GAAP. The income tax basis of accounting differs from U.S. GAAP for the Corporation primarily due to recognition of revenues when collected and recognition of expenses when paid. Additionally, the Corporation uses the installment method to recognize gains on sales of land and membership interests to related parties. This treatment differs from U.S. GAAP, whereby any related party gains would be deferred until the land or membership interest was sold to unrelated third parties. The Corporation recognizes pension contribution expense when contributions are paid. This treatment differs from U.S. GAAP, whereby actuarial and other data is used to determine a pension liability and related expense. Finally, the Corporation capitalized certain costs related to its acquisition of The Apache Railroad Company, LLC, and is amortizing those costs over fifteen years. This treatment differs from U.S. GAAP, whereby costs to acquire a business are generally expensed when incurred.

Although income tax rules are used to determine timing of the reporting of revenues and expenses, nontaxable revenues, and nondeductible expenses, if any, are included in the determination of excess revenues collected over expenses paid. The Corporation did not have any nontaxable revenues during the years ended December 31, 2025 and 2024.

Use of estimates:

The preparation of financial statements in conformity with the cash basis of accounting used for federal income tax reporting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Many types of transactions are susceptible to varying interpretations under federal and state income tax laws and regulations. As such, the amounts reported in the accompanying financial statements may be subject to change upon final determination by the taxing authorities.

Aztec Land and Cattle Company, Limited

Notes to Financial Statements – Income Tax Basis

December 31, 2025 and 2024

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Cash and cash equivalents:

The Corporation considers all cash investments with original or purchased maturities of three months or less to be cash equivalents.

Investments in U.S. Treasury bills:

The Corporation may invest in U.S. Treasury bills, which are short-term debt securities issued by the U.S. Department of the Treasury and are backed by the full faith and credit of the United States of America government. Investments in U.S. Treasury bills are recorded at cost when purchased. Proceeds from the maturity or sale of U.S. Treasury bills are recognized as cash when received. Interest income, including the accretion of discounts, is recognized when the proceeds are received at maturity or sale and included in other revenue on the accompanying statements of revenues and expenses – income tax basis. Unrealized gains or losses on U.S. Treasury bills held at year end are not recognized in the financial statements.

Other receivables, related parties:

The Corporation periodically pays expenses on behalf of related parties by virtue of common management and is typically reimbursed in 12 months or less.

Livestock inventory:

Livestock inventory, consisting of cattle held for resale, is stated at the lower of cost or net realizable value. Cost is determined on a specific identification basis, which includes purchase price, transportation costs, and other direct costs incurred to bring the inventory to its current location and condition. Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs to sell the cattle.

Breeding cattle:

Purchased breeding cattle are capitalized at the amount paid, including costs directly attributable to acquisition, but are 100% depreciated in the year of purchase under IRC Section 168(k) or 179. Costs incurred to raise cattle, including fees, veterinary services, and other direct production costs, are expensed when paid in accordance with applicable provisions of the IRC and related regulations. Upon sale, death, or other disposition of breeding cattle, the cost and related accumulated depreciation are removed from the Corporation's accounts, and any resulting gain or loss is recognized in income (see *Notes 2 and 17*).

Grazing land:

The land is recorded at average cost for income tax purposes.

Investment in The Apache Railroad Company, LLC:

The Corporation has a membership interest in The Apache Railroad Company, LLC ("ARC"), the sole shareholder of The Apache Railway Company (the "Railway"). As a limited liability company, ARC's excess (deficient) revenues over expenses are taxable proportionately to its unit holders for federal and state income tax reporting purposes. The Corporation's share of ARC's net income (loss) is recognized as a gain (loss) in the Corporation's statements of revenues and expenses – income tax basis, and is added to (deducted from) the investment account. Capital contributions to ARC are treated as additions to the investment account, and distributions received from ARC are treated as reductions. ARC had zero net income for each of the years ended December 31, 2025 and 2024 (see *Note 3*).

Aztec Land and Cattle Company, Limited

Notes to Financial Statements – Income Tax Basis

December 31, 2025 and 2024

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Investment in Aztec Minerals, LLC:

In 2023, the Corporation and the Company transferred their respective interests in oil and gas resources to Minerals, a newly created subsidiary formed for the purposes of holding and developing those interests. The Corporation's share of Minerals' net income (loss) is recognized as a gain (loss) in the Corporation's statements of revenues and expenses – income tax basis, and is added to (deducted from) the investment account. Capital contributions to Minerals are treated as additions to the investment account, and distributions received from Minerals are treated as reductions. Under the operating agreement for Minerals, the Corporation is a member and entitled to a preferred return of the of distributions, if any, by Minerals. No value has been assigned to mineral rights that Minerals obtained from the Corporation. As of December 31, 2025 and 2024, the minimum preferred return of distributions has not yet been met.

Deferred gains on sales of land and membership interest:

The Corporation uses the installment method to recognize revenues from the sales of land and membership interests. The installment method recognizes gains on a sale as payments are received. The unrecognized gain appears as a liability in the statements of assets, liabilities, and stockholders' equity—income tax basis (see *Note 6*).

Recognition of revenue:

The Corporation recognizes revenue when received.

Income taxes:

Income taxes paid as shown on the statements of revenues and expenses—income tax basis consist of all amounts paid for prior years and current year estimated payments. If assessed, the Corporation would classify any interest and penalties associated with a tax position as other expenses paid.

Subsequent events:

Management has evaluated subsequent events through January 30, 2026, which is the date the financial statements were available to be issued.

Reclassifications:

Certain amounts in the 2024 financial statements have been reclassified to conform with the 2025 presentation with no effect on previously reported excess of revenues collected over expenses paid.

Note 2 – Breeding Cattle

Breeding cattle consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>
Purchased breeding cattle, at cost	\$ 961,477	\$ -
Less accumulated depreciation	<u>961,477</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

Also see *Note 17* – Dry Lake Farm.

Aztec Land and Cattle Company, Limited

Notes to Financial Statements – Income Tax Basis

December 31, 2025 and 2024

Note 3 – Investment in The Apache Railroad Company, LLC

In 2015, the Corporation and the Company made a combined initial cash investment of \$2,500,000 in ARC, with the Corporation's contribution representing 77.5% of the investment. Related acquisition costs are being amortized over 15 years. In 2017, the Corporation and the Company made a combined capital contribution to ARC of \$1,250,000. ARC, in turn, contributed the proceeds to the Railway to reduce the principal balance of the Railway's \$2,500,000 in third-party loans by a like amount.

Also in 2017, the third-party member of ARC made a \$1,250,000 capital contribution to ARC. A portion of the proceeds was contributed to the Railway and used to reduce the principal balance of the Railway's third-party loans and for working capital. In 2019, the Corporation converted \$279,068 of principal on its revolving credit note with the Railway (see *Note 5*) into a capital contribution to ARC. Additionally, the third-party member of ARC extended a loan of \$279,068 to the Railway in 2020 which was also converted into a capital contribution to ARC. The Corporation's investment activity in ARC was as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 3,632,623	\$ 3,672,559
Amortization of acquisition costs	<u>(39,936)</u>	<u>(39,936)</u>
Balance, end of year	<u>\$ 3,592,687</u>	<u>\$ 3,632,623</u>

The Railway repaid its third-party loans in full during 2024. The Corporation has no commitments or contingent obligations related to ARC as of December 31, 2025 and 2024.

Note 4 – Project Advances

In 2013, the Corporation advanced cash to the Little Colorado Water Conservation District ("LCWCD") in furtherance of the establishment of irrigation and electrical services for the benefit of the Corporation's land. LCWCD's purpose is to provide water and electrical services to land within LCWCD's boundaries, the majority of which belongs to either the Corporation or the Company. No advances have been made since 2017. Total project advances as of December 31, 2025 and 2024 are \$143,100.

Note 5 – Notes Receivable, Related Parties

Aztec Land Company, LLC and Subsidiaries:

In 2009, a note payable to the Corporation was executed by Despain, LLC in exchange for 6,443 acres. The note charged interest at 4.25% and was scheduled to mature in December 2034. The principal balance on the note was \$1,116,369 on December 31, 2024 and was paid off in June 2025. During the years ended December 31, 2025 and 2024, the Corporation received \$25,738 and \$43,589 of interest income, respectively.

In 2011, the Corporation sold its entire membership interest in East Jeffers, LLC to the Company for \$1,939,000 (see *Note 6*). The Company paid \$193,900 and executed a 3% promissory note for the remainder of the purchase price due in October 2031. The principal balance on the note was \$1,277,849 and \$1,385,500 as of December 31, 2025 and 2024, respectively. During the years ended December 31, 2025 and 2024, the Corporation received \$30,242 and \$38,141 of interest income, respectively. The Company may prepay the note without penalty.

Aztec Land and Cattle Company, Limited

Notes to Financial Statements – Income Tax Basis December 31, 2025 and 2024

Note 5 – Notes Receivable, Related Parties (Continued)

The Apache Railway Company:

In 2014, the Corporation executed an unsecured revolving credit note with the Railway. The president of the Railway is an officer, stockholder, and director of the Corporation. The note allows a maximum advance of \$4,000,000 and bears simple interest at 7.5%. The note is due on demand, or if repayment is not demanded, the note will mature in December 2028. During 2025, the Corporation advanced \$60,000 to the Railway and received no repayments. In 2024, the Corporation advanced \$697,636 and collected \$75,000 on the note. The principal balance on the note was \$3,741,511 and \$3,681,511 as of December 31, 2025 and 2024, respectively. The Corporation did not receive any interest income payments on the note in 2025 or 2024. Management believes the full balance of the note and related interest will be collected, but the timing of payments is contingent on uncertain future events, primarily the profitability of the Railway.

Note 6 – Deferred Gains on Sales of Land and Membership Interest

In 2009, the Corporation sold 6,443 acres of land to Despain, LLC. The resulting deferred gain was zero and \$1,097,468 as of December 31, 2025 and 2024, respectively. Total gains recognized as revenue under the installment method were \$1,097,468 and \$4,362 for the years ended December 31, 2025 and 2024, respectively.

In 2011, the Corporation contributed 14,143 acres of land to form East Jeffers, LLC; and, later that year, the Corporation sold its membership interest in East Jeffers, LLC to the Company. The resulting deferred gain was \$1,246,044 and \$1,351,035 as of December 31, 2025 and 2024, respectively. Total gains recognized as revenue under the installment method were \$104,991 and \$3,787 for the years ended December 31, 2025 and 2024, respectively.

Note 7 – Notes Payable, Related Parties

Note #1:

In June 2025, the Corporation entered into a promissory note with a director in the principal amount of \$2,500,000. The note bears interest at a fixed rate of 6.5% per annum and matures on June 30, 2026. Interest is payable on September 15, 2025 and at maturity, with the principal balance due on maturity. The note is unsecured and may be prepaid at any time without penalty. As of December 31, 2025, the outstanding principal balance was \$2,500,000.

Note #2:

In December 2025, the Corporation entered into a promissory note with a director in the principal amount of \$740,000. The note bears interest at a fixed rate of 7.0% per annum and matures on December 31, 2026. Principal and all unpaid interest are due at maturity. The note is unsecured and maybe prepaid at any time without penalty. As of December 31, 2025, the outstanding principal balance was \$740,000.

Interest expense related to notes payable to related parties totaled \$42,740 for the year ended December 31, 2025. An origination fee of \$12,500 was paid on Note #1 and is included in amortization expense on the statements of revenues and expenses – income tax basis.

Aztec Land and Cattle Company, Limited

Notes to Financial Statements – Income Tax Basis

December 31, 2025 and 2024

Note 8 – Formation of Aztec Land Company, LLC

In 2002, the Corporation formed the Company. Upon formation of the Company, the Corporation simultaneously declared a dividend of all the units of interest in the Company to the Corporation's stockholders. The dividend equaled one unit of interest in the Company for each share of the Corporation's regular capital stock. Each unit of interest in the Company is in book entry form only (meaning there are no certificates) and each unit is "stapled" to its respective share of the Corporation's regular capital stock. As such, a unit in the Company can only be transferred by transferring the share of capital stock to which it is "stapled".

Note 9 – Common Stock

The Corporation offers a single class of common stock. The ticker symbol is AZLCZ. The transfer agent is Transfer Online, Inc., located at 512 SE Salmon St. Portland, OR 97214. In October 2024, management was authorized to implement a share buyback program for up to \$1,000,000 of the Corporation's shares (together with the Company's stapled units). In March, May, and July 2025, the Board approved increases to the authorized buyback program by an additional \$2,000,000, \$3,000,000, and \$2,500,000, respectively. The shares are to be purchased on the open market through a broker or directly from interested shareholders. The buyback program resulted in the repurchase and retirement of 8,066 and 278 shares of the Corporation's shares during 2025 and 2024, respectively.

Note 10 – Operating Leases (as Lessor)

Grazing leases:

The Corporation leases its land for grazing to multiple tenants. The grazing leases are written for five-year terms and have staggered expirations. They are generally expected to be renewed as they expire and are classified as operating leases.

Access agreements:

The Corporation has several road use agreements allowing the Railway and various third parties access over the Corporation's land. Management has included one year of future minimum payments due under the agreements in the schedule below, but estimates that the agreements will continue for five to 20 years.

A schedule of the approximate annual minimum rental income provided for by non-cancellable grazing leases and access agreements that were in effect as of December 31, 2025 follows. The amounts shown for 2026 and subsequent years do not reflect the Corporation's belief as to amounts which will be realized, as actual results are dependent on the amounts the Corporation is able to charge for its grazing leases.

Approximate minimum future rental income for the years ending December 31:

2026	\$ 222,000
2027	138,000
2028	18,000
2029	<u>1,000</u>
	<u>\$ 379,000</u>

Aztec Land and Cattle Company, Limited

Notes to Financial Statements – Income Tax Basis December 31, 2025 and 2024

Note 10 – Operating Leases (as Lessor) (Continued)

Renewable energy leases:

The Corporation and the Company have entered into multiple solar and wind leases. The leases have development term lengths of five to eight years; construction term lengths of 18 months to three years; and operations term lengths of 25 to 35 years. Lease provisions include options to extend upon commencing operations. During the development and construction term for all leases, the lessee may cancel at any time but without refund of prior payments.

In 2024, one existing wind project commenced its construction term. The wind project is located partially on land owned by the Corporation and partially on land owned by the Company.

In 2025, one new solar project entered into its development term and one existing solar project, located partially on land owned by the Corporation and partially on land owned by the Company, commenced its 30-year operations term (with options to extend the term for two additional periods of six years each). Leases in their operations term are terminable by the lessee at any time, subject to the payment of a termination fee. The remainder of the renewable energy leases remain in their development and construction terms.

Mineral development leases:

In 2020, the Corporation executed a letter agreement with a third party establishing the framework for an exploratory drilling program to locate and develop the Corporation's and the Company's oil, gas and helium resources, if any. Should oil, gas, or helium ever be produced as a result of wells drilled by the third party, the Corporation will receive a royalty based on the market value of the resource.

As of December 31, 2025, the letter agreement had expired; however, existing leases with the third party will remain in place for one to three more years. The third party is currently evaluating the production potential, if any, of wells drilled per the terms of these leases. Aside from lease payments, neither Minerals nor the Corporation nor the Company have received additional revenue from the third party.

Note 11 – Employee Pension Plan

The Corporation established a money purchase pension plan in 1991. The plan covers all employees age 21 and older on completion of one year of service. The plan provides for the Corporation to contribute 15% of each participant's covered compensation for the plan year. The Corporation uses the cash method for income tax reporting, and therefore does not recognize pension liabilities. Pension contributions are charged to expense when paid and totaled \$36,000 and \$31,500 for the years ended December 31, 2025 and 2024, respectively. Amounts paid are included in compensation expenses on the statements of revenues and expenses – income tax basis.

Note 12 – Income Taxes

During the year ended December 31, 2025, the Corporation paid federal and state income taxes of \$529,457, of which \$523,371 was related to the 2025 tax year and \$6,086 to the 2024 tax year. A federal refund of \$27,113 was received, of which \$22,615 was related to the 2024 tax year and \$4,498 to the 2023 tax year. During the year ended December 31, 2024, the Corporation paid federal and state income taxes of \$743,795, all of which was related to the 2024 tax year. A federal refund of \$26,209 was received related to the 2023 tax year.

Aztec Land and Cattle Company, Limited

Notes to Financial Statements – Income Tax Basis

December 31, 2025 and 2024

Note 13 – Contingencies

The Corporation's groundwater rights have been subject to pending litigation for over 40 years. The case is *In Re the General Adjudication of All Rights to Use Water in the Little Colorado River System and Source*, Case No. CV-6417. The litigation involves a determination of the relative rights of water users in the Little Colorado River basin. The more significant issues in the litigation involve Native American claims of water rights, primarily those of the Hopi and Navajo Tribes (the "Tribes") and the United States of America on behalf of the Tribes. All water rights claims in the Little Colorado River basin are subject to this adjudication. The adjudication is an extremely complex matter and involves thousands of parties.

In 2024, the primary parties in the litigation, excepting the United States of America, entered into a settlement agreement (the "Settlement Agreement") resolving the litigation as to claims of the Tribes and the United States of America on behalf of the Tribes. The enforceability of the Settlement Agreement is subject to, among other things, the enactment of Federal legislation authorizing and funding its terms. The United States of America has withheld its approval of the Settlement Agreement pending enactment of the legislation, which Congress has yet to pass.

Even if the Settlement Agreement is approved and funded, management expects the adjudication to continue for a substantial period, if only to adjudicate non-Tribal claims. No monetary damages are being claimed by any party. The Corporation is responding to this litigation through active participation in the adjudication's numerous legal and settlement proceedings and through its financial support of LCWCD, which itself is involved in the litigation for the same reasons.

In managing the litigation and attempting to control costs, the Corporation and LCWCD entered into a joint defense agreement with several northern Arizona municipalities, irrigation districts, and water companies with similar, if not identical, legal interests. Because the Corporation and the Company own the majority of land within LCWCD's service area, they together pay 85% of the expenses allocated to LCWCD via the joint defense agreement. The 15% balance is borne by an unrelated third party and the Railway, both of which receive water deliveries from LCWCD. Litigation costs are expected to be significant beyond 2025, depending on, among other factors, the disposition of the Settlement Agreement.

Note 14 – Risk and Concentrations

Credit risk:

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents. At times throughout the year, the Corporation's cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The Corporation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Revenue concentration:

The majority of the Corporation's revenue for the years ended December 31, 2025 and 2024 was provided by renewable energy leases (see *Note 10*).

Aztec Land and Cattle Company, Limited

Notes to Financial Statements – Income Tax Basis

December 31, 2025 and 2024

Note 15 – Related Party Transactions Not Disclosed Elsewhere

During 2025 and 2024, the Corporation paid \$493,094 and \$504,086, respectively, to Page Land & Cattle Co. (“Page”) for contract services and expenses incurred in connection with the documentation, organization, and management of the Corporation's land and financial records, preservation of its water rights, and reimbursement of expenses paid by Page on behalf of the Corporation for expenses arising from its 3,000-acre farm (“Dry Lake Farm”, or “Farm”) (see *Note 17*).

In 2023, the Corporation leased the Dry Lake Farm to Page for five (5) years for a lease payment of \$5,000 per year. Page has installed sprinkler irrigation systems on the Farm with funds it obtained from a federal grant and intends to operate the Farm to accommodate its use by the Corporation for farming purposes in the same manner as in prior years. The president of Page is an officer, director, and stockholder of the Corporation.

During 2025, Page entered into an agreement with the Corporation to pay one-third of the purchase costs of the breeding cattle, with resulting profits and losses shared proportionately. As of December 31, 2025, Page owed the Corporation \$254,627 for its share of breeding cattle purchased during 2025. This amount is included in other receivables, related parties, on the statements of assets, liabilities, and stockholders' equity – income tax basis.

The Corporation paid an individual who is an officer, director and stockholder of the Corporation, \$12,814 and \$9,800 in 2025 and 2024, respectively, for reimbursement of office rent, office expenses, and travel.

The Corporation paid a law firm \$29,831 and \$24,582 for legal services in 2025 and 2024, respectively. Some of these legal services were performed by a relative of the president of the Corporation.

In 2025 and 2024, the Corporation paid \$100,000 and \$115,000, respectively, for consulting services to a company owned by a relative of the president of the Corporation. The Corporation also paid this company \$2,886 and \$10,428 in 2025 and 2024, respectively, as reimbursement for meeting and travel expenses incurred while providing these services.

In 2025 and 2024, the Corporation paid the Railway \$25,772 and \$24,685, respectively, for services undertaken by the Corporation to further develop Dry Lake Farm. The Corporation also paid on the Railway's behalf its annual general liability insurance premiums totaling \$160,838 and \$150,958 in 2025 and 2024, respectively. The Railway reimbursed the Corporation for \$121,874 and \$126,000 of the insurance premiums during 2025 and 2024, respectively. The Railway owes the Corporation \$70,838 as of December 31, 2025, for unreimbursed insurance premiums, which is included in other receivables, related parties, on the statements of assets, liabilities, and stockholders' equity – income tax basis. The Corporation also paid the Railway \$3,795 in 2024 for reimbursement of travel expenses. The Railway paid the Corporation \$15,000 in both 2025 and 2024 for annual land easement/access fee rents.

Note 16 – Aztec Area Land Plan

In 2011, Navajo County, Arizona approved and adopted the Aztec Area Plan (the “Plan”), a comprehensive planning document for the Corporation's and Company's land. The Plan is posted in its entirety on the Corporation's website: www.azteclandco.com.

Aztec Land and Cattle Company, Limited

Notes to Financial Statements – Income Tax Basis

December 31, 2025 and 2024

Note 17 – Water and Related Development

North Well Field:

In 2012, in furtherance of the Plan, the Company executed a 100-year lease for its well field near Holbrook (the “North Well Field”) with LCWCD, a municipality that provides water and power to land within its service area, the majority of which is owned by the Corporation and the Company. In 2013, Arizona Department of Water Resources approved LCWCD’s application for it to provide 10,184 acre feet of water per year from the North Well Field to its service area through 2035. Approximately 95 acre feet of water was delivered from the North Well Field in 2025, and no water was delivered in 2024.

South Well Field:

In 2017, the Corporation acquired a well field with a long-term water production history of 15,000 acre feet per year, of which the Corporation is entitled to 13,490 acre feet per year (the “South Well Field”). The Corporation then conveyed the South Well Field’s well sites and related supporting infrastructure to LCWCD. At the same time, the Corporation and the Company entered into a water service contract with LCWCD obliging the Corporation and the Company to pay LCWCD’s district base costs and, depending on water usage, a portion of LCWCD’s operating costs based on an assessment that is determined annually by LCWCD.

Dry Lake Farm:

The operating costs assessed to the Corporation by LCWCD for water usage arose from Dry Lake Farm. Costs associated with Dry Lake Farm are shown in the statements of revenues and expenses—income tax basis as Dry Lake Farm expenses and include the costs of cattle feed, planting seed, and cost reimbursements paid to Page for operating the Farm (see *Note 15*). Also included as Dry Lake Farm depreciation expense is the fully depreciated cost of breeding cattle purchased in 2025 of \$961,477. Further activity relating to Dry Lake Farm awaits the Corporation’s assessment of the farm’s profitability and sustainability.

Note 18 – Company Insiders

Officers:

Ian H. Fraser – Chairman

Stephen M. Brophy – President

Tricia Crichton – Secretary/Treasurer

Directors:

Nathaniel C.T. Walsh – Class A

William E. Mitchell – Class A

Clare Brophy Bellendir – Class A

Hugh C. Fraser – Class B

Holly C. Evarts – Class B

Michael J. Brewer – Class B

Stephen M. Brophy – Class C

Ian H. Fraser – Class C

Peter E. Converse – Class C

No stockholder owned 10% or more of the Corporation’s outstanding stock as of December 31, 2025.

Aztec Land and Cattle Company, Limited

Notes to Financial Statements – Income Tax Basis

December 31, 2025 and 2024

Note 19 – Subsequent Events

On November 18, 2025, the Board of Directors of the Corporation adopted a resolution to approve the adoption of an Equity Grant Plan (“Equity Plan”) to allow shares of the Corporation’s stock to be issued to directors as their director’s fee, and issued as well to key employees and consultants of the Corporation. The Equity Plan is effective for calendar years ending on and after December 31, 2025, and provides that each share of Corporation stock granted shall have one unit of interest in the Company issued simultaneously, and each unit shall be stapled to and transferred exclusively with the share of Corporation stock.

A total of 1,000 authorized but unissued shares of stock, together with an equal number of Company units of interest, were approved as the initial share reserve for the Equity Plan. The maximum annual award payable in shares is limited to \$50,000 for a director or consultant, and \$200,000 for all other participants.

On January 5, 2026, the Corporation awarded a total of 133 shares of combined director and consultant restricted stock grants. The grants awarded were valued at \$1,328 per share, which is based on the average of the lowest independent opening purchase bid and highest independent sale bid over the three calendar months preceding the grant date as defined in the Equity Plan. The restricted stock grants have no voting rights and are subject to a three-year vesting schedule beginning January 1, 2027. Grantees have the option to request the Corporation pay one-half of the initial grant in cash, prorated as of each vesting date. If a grantee terminates for any reason other than death or disability, any remaining unvested portion of the restricted stock grants will be forfeited.

The Corporation is ordinarily required to recognize stock-based compensation expense in the period the underlying grants become vested and deductible under the applicable provisions of the IRC. However, a grantee may elect in writing within 30 days of the grant date to include 100% of the value of the grant in their gross income in the year granted (i.e. 2026). For each election made, the Corporation will recognize the full amount of the grant awarded as stock-based compensation expense in 2026 regardless of vesting schedules.