

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2026

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-37536

Presurance Holdings, Inc.

(Exact name of registrant as specified in its charter)

Michigan

(State or other jurisdiction of
incorporation or organization)

27-1298795

(I.R.S. Employer
Identification No.)

3001 West Big Beaver Road, Suite 319

Troy, Michigan

(Address of principal executive offices)

48084

(Zip code)

(248) 559-0840

(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	PRHI	The Nasdaq Stock Market LLC
9.75% Senior Notes due 2028	PRHIZ	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of outstanding shares of the registrant's common stock, no par value, as of May 13, 2026, was 26,222,881.

PRESURANCE HOLDINGS, INC. AND SUBSIDIARIES

Form 10-Q

INDEX

	<u>Page No.</u>
<u>Part I — Financial Information</u>	
<u>Item 1 — Condensed Financial Statements</u>	3
<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	3
<u>Condensed Consolidated Statements of Operations (Unaudited)</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)</u>	5
<u>Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)</u>	6
<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	7
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	8
<u>Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
<u>Item 3 — Quantitative and Qualitative Disclosures about Market Risk</u>	33
<u>Item 4 — Controls and Procedures</u>	33
<u>Part II — Other Information</u>	
<u>Item 1 — Legal Proceedings</u>	34
<u>Item 1A — Risk Factors</u>	34
<u>Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds</u>	34
<u>Item 3 - Defaults Upon Senior Securities</u>	34
<u>Item 4 - Mine Safety Disclosures</u>	34
<u>Item 5 - Other Information</u>	34
<u>Item 6 — Exhibits</u>	35
<u>Signatures</u>	36

PART 1 - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS
PRESURANCE HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(dollars in thousands)

	March 31, 2026	December 31, 2025
	(Unaudited)	
Assets		
Investment securities:		
Debt securities, at fair value (amortized cost of \$88,838 and \$96,669, respectively)	\$ 80,314	\$ 88,305
Equity securities, at fair value (cost of \$1,257 and \$1,276, respectively)	1,288	1,277
Short-term investments, at fair value	32,464	24,725
Total investments	114,066	114,307
Cash and cash equivalents	25,469	27,362
Premiums and agents' balances receivable, net	6,540	5,521
Reinsurance recoverables on unpaid losses	62,014	63,909
Reinsurance recoverables on paid losses	3,617	5,929
Prepaid reinsurance premiums	9,629	12,024
Deferred policy acquisition costs	2,825	2,696
Receivable from contingent considerations at fair value	8,780	4,290
Other assets	3,670	3,245
Total assets	\$ 236,610	\$ 239,283
Liabilities and Shareholders' Equity		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 137,501	\$ 146,262
Unearned premiums	23,457	25,703
Reinsurance premiums payable	4,547	2,501
Debt	12,250	12,187
Mandatorily redeemable preferred stock	8,000	14,380
Funds held under reinsurance agreements	20,549	24,233
Accounts payable and other liabilities	5,116	5,051
Total liabilities	211,420	230,317
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value (100,000,000 shares authorized; 26,222,881 and 12,222,881 issued and outstanding, respectively)	113,919	100,158
Accumulated deficit	(78,969)	(81,591)
Accumulated other comprehensive income (loss)	(9,760)	(9,601)
Total shareholders' equity	25,190	8,966
Total liabilities and shareholders' equity	\$ 236,610	\$ 239,283

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

PRESURANCE HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (Unaudited)
(dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2026	2025
Revenue and Other Income		
Premiums		
Gross earned premiums	\$ 13,714	16,118
Ceded earned premiums	(7,789)	(5,803)
Net earned premiums	5,925	10,315
Net investment income	1,110	1,289
Net realized investment gains (losses)	(14)	3
Change in fair value of equity securities	30	(192)
Other income	6	65
Change in fair value of contingent considerations	4,490	4,395
Total revenue and other income	11,547	15,875
Expenses		
Losses and loss adjustment expenses, net	3,329	9,274
Policy acquisition costs	1,558	2,677
Operating and other expenses	2,100	2,861
Interest expense	1,976	541
Total expenses	8,963	15,353
Income (loss) before income taxes	2,584	522
Income tax expense (benefit)	(38)	—
Net income (loss)	\$ 2,622	\$ 522
Earnings (loss) per common share, basic and diluted	\$ 0.15	\$ 0.04
Weighted average common shares outstanding, basic and diluted	17,200,659	12,222,881

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

PRESURANCE HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(dollars in thousands)

	Three Months Ended March 31,	
	2026	2025
Net income (loss)	\$ 2,622	\$ 522
Other comprehensive income (loss), net of tax:		
Unrealized investment gains (losses):		
Unrealized investment gains (losses) during the period	(172)	1,599
Income tax (benefit) expense	—	—
Unrealized investment gains (losses), net of tax	(172)	1,599
Less: reclassification adjustments to:		
Net realized investment gains (losses) included in net income (loss)	(13)	—
Income tax expense (benefit)	—	—
Total reclassifications included in net income (loss), net of tax	(13)	—
Other comprehensive income (loss)	(159)	1,599
Total comprehensive income (loss)	\$ 2,463	\$ 2,121

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

PRESURANCE HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(dollars in thousands)

	No Par, Common Stock		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount			
Balances at December 31, 2025	12,222,881	\$ 100,158	\$ (81,591)	\$ (9,601)	\$ 8,966
Net income (loss)	—	—	2,622	—	2,622
Issuance of common stock	14,000,000	14,000	—	—	14,000
Common stock issuance costs	—	(252)	—	—	(252)
Stock-based compensation expense	—	13	—	—	13
Other comprehensive income (loss)	—	—	—	(159)	(159)
Balances at March 31, 2026	26,222,881	\$ 113,919	\$ (78,969)	\$ (9,760)	\$ 25,190
Balances at December 31, 2024	12,222,881	\$ 98,178	\$ (63,153)	\$ (13,500)	21,525
Net income (loss)	—	—	522	—	522
Issuance of warrants	—	1,924	—	—	1,924
Stock-based compensation expense	—	15	—	—	15
Other comprehensive income (loss)	—	—	—	1,599	1,599
Balances at March 31, 2025	12,222,881	\$ 100,117	\$ (62,631)	\$ (11,901)	\$ 25,585

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

PRESURANCE HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)
(dollars in thousands)

	Three Months Ended March 31,	
	2026	2025
Cash Flows From Operating Activities		
Net income (loss) from continuing operations	\$ 2,622	\$ 522
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization of debt issuance costs	63	64
Accretion of Series B Preferred Stock	1,120	75
Amortization of bond premium and discount, net	(84)	(108)
Net realized investment (gains) losses	14	(3)
Change in fair value of equity securities	(30)	192
Stock-based compensation expenses	13	15
Change in fair value of contingent considerations	(4,490)	(4,395)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Premiums and agents' balances and other receivables	(1,019)	333
Reinsurance recoverables	4,207	1,871
Prepaid reinsurance premiums	2,395	685
Deferred policy acquisition costs	(129)	(267)
Other assets	(410)	71
Increase (decrease) in:		
Unpaid losses and loss adjustment expenses	(8,761)	(12,923)
Unearned premiums	(2,246)	55
Funds held under reinsurance agreements	(3,684)	(4,823)
Reinsurance premiums payable	2,046	2,487
Accounts payable and other liabilities	64	889
Net cash provided by (used in) operating activities	(8,309)	(15,260)
Cash Flows From Investing Activities		
Purchase of investments	(67,469)	(64,055)
Proceeds from maturities and redemptions of investments	27,892	7,428
Proceeds from sales of investments	39,745	47,014
Net cash provided by (used in) investing activities	168	(9,613)
Cash Flows From Financing Activities		
Issuance of Common Stock	14,000	—
Repayment of Series B Preferred Stock	(7,500)	—
Issuance of stock warrants	—	1,924
Issuance of Series B Preferred Stock	—	5,576
Common stock issuance costs	(252)	—
Net cash provided by (used in) financing activities	6,248	7,500
Net increase (decrease) in cash	(1,893)	(17,373)
Cash at beginning of period	27,362	27,654
Cash at end of period	25,469	10,281
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 885	\$ 541
Income taxes paid (refunded), net	\$ (38)	\$ (75)

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

PRESURANCE HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation and Management Representation

On September 30, 2025, Conifer Holdings, Inc. changed its name to Presurance Holdings, Inc. On August 21, 2025, Conifer Insurance Company changed its name to Triassic Insurance Company.

The condensed consolidated financial statements include accounts, after elimination of intercompany accounts and transactions, of Presurance Holdings, Inc., its wholly owned subsidiaries, Triassic Insurance Company ("TIC"), White Pine Insurance Company ("WPIC"), Red Cedar Insurance Company ("RCIC"), and VSRM, Inc. ("VSRM"). TIC, WPIC and RCIC are collectively referred to as the "Insurance Company Subsidiaries." On a stand-alone basis, Presurance Holdings, Inc. is referred to as the "Parent Company" or "PHI." The consolidated entity is also referred to as the "Company."

The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which differ from statutory accounting practices prescribed or permitted for insurance companies by regulatory authorities. The Company has applied the rules and regulations of the United States Securities and Exchange Commission ("SEC") regarding interim financial reporting and therefore the condensed consolidated financial statements do not include all of the information and notes required by GAAP for annual financial statements. In the opinion of management, all adjustments, consisting of items of a normal recurring nature, necessary for a fair presentation of the condensed consolidated interim financial statements, have been included.

These condensed consolidated financial statements and the notes thereto should be read in conjunction with the Company's audited consolidated financial statements and related notes included in its Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the SEC.

The results of operations for the three months ended March 31, 2026, are not necessarily indicative of the results expected for the year ended December 31, 2026.

Business

The Company is engaged in the sale of property and casualty insurance products and has organized its business model around two classes of insurance businesses: commercial lines and personal lines business. Within these two businesses, the Company offers various insurance products to niche commercial businesses in the commercial lines reportable segment and homeowners in the personal lines reportable segment. All commercial lines business is in runoff. While this business is no longer written by the Company, the historical business contributes significantly to our exposure to loss reserve development and operating expenses.

As of March 31, 2026, the Company offers only homeowners insurance products in Texas, Illinois and Indiana. The Company's corporate headquarters are located in Troy, Michigan.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes the amounts included in the condensed consolidated financial statements reflect management's best estimates and assumptions, actual results may differ from these estimates.

Cash, Cash Equivalents, and Short-term Investments

Cash consists of cash deposits in banks, generally in operating accounts. Cash equivalents consist of money-market funds that are specifically used as overnight investments tied to cash deposit accounts. Short-term investments, consisting of money market funds, are classified as investments in the condensed consolidated balance sheets as they relate to the Company's investment activities.

Funds-Withheld Obligations

Funds-withheld obligations under reinsurance agreements with risk exposures that are not clearly and closely related to the host contract are considered an embedded derivative. A gain or loss on such derivative instruments is recognized in earnings.

Accounting Guidance Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses, which will require disclosure of additional information about specific expense categories in the notes to financial statements for all public business entities. ASU 2024-03 is effective for annual reporting beginning with the fiscal year ending December 31, 2027, and for interim periods thereafter. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

Company Liquidity

At March 31, 2026, the Company had \$57.9 million in cash, cash equivalents and short-term investments. Our principal sources of funds are insurance premiums, investment income and proceeds from maturities and sales of invested assets. These funds are primarily used to pay claims, commissions, employee compensation, taxes and other operating expenses, and service debt and mandatorily redeemable preferred stock.

We conduct our business operations primarily through our Insurance Company Subsidiaries. Our Parent Company's ability to service debt and mandatorily redeemable preferred stock, and pay administrative expenses is primarily reliant upon our intercompany service fees paid by the Insurance Company Subsidiaries to the Parent Company for management, administrative, and information technology services provided to the Insurance Company Subsidiaries by the Parent Company. Secondly, the Parent Company may receive dividends from the Insurance Company Subsidiaries; however, this is not the primary means in which the Parent Company supports its funding as state insurance laws restrict the ability of our Insurance Company Subsidiaries to declare dividends to the Parent Company. Generally, the limitations are based on the greater of statutory net income for the preceding year or 10% of statutory surplus at the end of the preceding year. There were no dividends paid from our Insurance Company Subsidiaries for the three months ended March 31, 2026 and 2025. We do not anticipate any dividends being paid to the Parent Company from our insurance subsidiaries in the near term.

Due to significant losses in 2025, much of which is attributable to the legacy commercial liability lines of business (which are now all in runoff), both Insurance Company Subsidiaries lacked sufficient capital to continue to underwrite the volume of business they have historically written. Accordingly, PHI contributed \$17.5 million into TIC during 2025 and the first quarter of 2026. In addition, PHI contributed all of its \$7.6 million ownership interest in WPIC to TIC effective December 31, 2025. Even with these contributions, TIC fell within the Company Action Level of the Risk Based Capital ("RBC") with an RBC ratio of 236% as of December 31, 2025, and was required to submit an updated plan of remediation to its domiciliary regulator. TIC is also subject to additional regulatory monitoring requirements as a result of the Company not being above the minimum required RBC levels as of December 31, 2025.

To fund these additional contributions, PHI raised \$7.5 million from the issuance of the Series B Preferred Stock in the first quarter of 2025, utilized proceeds from the second \$10.0 million earnout from the CIS Sale, which were received in the second quarter of 2025 and raised \$8.0 million from the issuance of the Series C Preferred Stock in December 2025. In February 2026, PHI completed a backstopped rights offering for \$14.0 million utilizing a portion of the proceeds to redeem the \$7.5 million Series B Preferred Stock and contribute the \$3.0 million of cash to TIC in February 2026. WPIC no longer writes any business and TIC's writings are significantly constrained by its diminished capital position.

As an effort to support TIC and WPIC, PHI received no intercompany service fees from the Insurance Company Subsidiaries during 2025 and only \$500,000 in the first quarter of 2026. PHI has relied significantly on proceeds from sales of assets and capital raises over the last two years in order to ensure its ability to meet its obligations as they became due.

With the anticipated go-forward revenue from TIC and the potential receipt of a \$10.0 million third earnout payment, management believes the Company has the ability to meet its obligations as they become due over the next twelve months.

2. Rights Offering

On February 27, 2026, the Company issued 14,000,000 shares of common stock at a purchase price of \$1.00 per share pursuant to a rights offering backstopped by Clarkston Companies, Inc. A portion of the proceeds were used to redeem the \$7.5 million of the Company's outstanding Series B Preferred Stock and to contribute \$3.0 million to TIC in February 2026. The remaining proceeds are being used for working capital and general corporate purposes.

3. Investments

The Company analyzed its investment portfolio in accordance with its credit loss review policy and determined it did not need to record a credit loss for the three months ended March 31, 2026, or for the year-ended December 31, 2025. The Company holds only investment grade securities from high credit quality issuers. The gross unrealized losses were \$8.5 million

and \$8.4 million as of March 31, 2026 and December 31, 2025, respectively. The gross unrealized losses were from the Company's available-for-sale securities, due to market conditions and interest rate changes. Management believes it will not need to sell its available-for-sale securities at significant losses as it has the ability and intention to hold them until maturity or until their values improve.

The cost or amortized cost, gross unrealized gains or losses, and estimated fair value of the investments in securities classified as available for sale as of March 31, 2026 and December 31, 2025 were as follows (dollars in thousands):

	March 31, 2026			
	Cost or Amortized Cost	Gross Unrealized		Estimated Fair Value
		Gains	Losses	
Debt Securities:				
U.S. Government	\$ 4,716	\$ 7	\$ (19)	\$ 4,704
State and local government	20,185	2	(2,987)	17,200
Corporate debt	23,559	—	(1,483)	22,076
Asset-backed securities	15,167	—	(43)	15,124
Mortgage-backed securities	21,681	—	(3,709)	17,972
Commercial mortgage-backed securities	1,169	—	(46)	1,123
Collateralized mortgage obligations	2,361	—	(246)	2,115
Total debt securities available for sale	\$ 88,838	\$ 9	\$ (8,533)	\$ 80,314

	December 31, 2025			
	Cost or Amortized Cost	Gross Unrealized		Estimated Fair Value
		Gains	Losses	
Debt Securities:				
U.S. Government	\$ 4,596	\$ 21	\$ (12)	\$ 4,605
State and local government	20,194	4	(2,982)	17,216
Corporate debt	25,170	1	(1,407)	23,764
Asset-backed securities	20,962	33	(22)	20,973
Mortgage-backed securities	22,258	—	(3,690)	18,568
Commercial mortgage-backed securities	1,054	—	(48)	1,006
Collateralized mortgage obligations	2,435	—	(262)	2,173
Total debt securities available for sale	\$ 96,669	\$ 59	\$ (8,423)	\$ 88,305

The following table summarizes the aggregate fair value and gross unrealized losses, by security type, of the available-for-sale securities in unrealized loss positions. The table segregates the holdings based on the length of time that individual securities have been in a continuous unrealized loss position (dollars in thousands):

	March 31, 2026								
	Less than 12 months			Greater than 12 months			Total		
	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses
Debt Securities:									
U.S. Government	4	\$ 2,453	\$ (9)	2	\$ 552	\$ (10)	6	\$ 3,005	\$ (19)
State and local government	1	144	(1)	95	16,170	(2,986)	96	16,314	(2,987)
Corporate debt	1	998	(2)	44	21,078	(1,481)	45	22,076	(1,483)
Asset-backed securities	10	12,805	(26)	1	195	(17)	11	13,000	(43)
Mortgage-backed securities	4	17	(1)	60	17,955	(3,708)	64	17,972	(3,709)
Commercial mortgage-backed securities	2	277	(1)	2	846	(45)	4	1,123	(46)
Collateralized mortgage obligations	—	—	—	24	2,115	(246)	24	2,115	(246)
Total debt securities available for sale	22	\$ 16,694	\$ (40)	228	\$ 58,911	\$ (8,493)	250	\$ 75,605	\$ (8,533)

	December 31, 2025								
	Less than 12 months			Greater than 12 months			Total		
	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses
Debt Securities:									
U.S. Government	—	\$ —	\$ —	2	\$ 550	\$ (12)	2	\$ 550	\$ (12)
State and local government	—	—	—	96	16,327	(2,982)	96	16,327	(2,982)
Corporate debt	—	—	—	48	22,763	(1,407)	48	22,763	(1,407)
Asset-backed securities	3	3,531	(2)	1	209	(20)	4	3,740	(22)
Mortgage-backed securities	—	—	—	64	18,563	(3,690)	64	18,563	(3,690)
Commercial mortgage-backed securities	1	145	(1)	2	861	(47)	3	1,006	(48)
Collateralized mortgage obligations	—	—	—	25	2,172	(262)	25	2,172	(262)
Total debt securities available for sale	4	\$ 3,676	\$ (3)	238	\$ 61,445	\$ (8,420)	242	\$ 65,121	\$ (8,423)

The Company's sources of net investment income and losses are as follows (dollars in thousands):

	Three Months Ended March 31,	
	2026	2025
Debt securities	\$ 784	\$ 958
Equity securities	2	2
Cash, cash equivalents and short-term investments	368	387
Total investment income	1,154	1,347
Investment expenses	(44)	(58)
Net investment income	\$ 1,110	\$ 1,289

The following table summarizes the gross realized gains and losses from sales or maturities of available-for-sale debt and equity securities, as follows (dollars in thousands):

	Three Months Ended March 31,	
	2026	2025
Debt securities:		
Gross realized gains	\$ 4	\$ 5
Gross realized losses	(5)	(2)
Total debt securities	(1)	3
Equity securities:		
Gross realized gains	\$ —	\$ —
Gross realized losses	(13)	—
Total equity securities	(13)	—
Total net realized investment gains (losses)	\$ (14)	\$ 3

Proceeds from the sales of available-for-sale securities were \$344,000 and \$24.5 million for the three months ended March 31, 2026 and 2025, respectively.

The gross realized gains from sales of available-for-sale securities for the three months ended March 31, 2026 and 2025 were \$4,000 and \$5,000, respectively. The gross realized losses from sales of available-for-sale securities for the three months ended March 31, 2026 and 2025 were \$5,000 and \$2,000, respectively.

As of March 31, 2026 and December 31, 2025, there were \$1,000 and \$0 of payables from securities purchased, respectively. As of March 31, 2026 and December 31, 2025, there were \$13,000 and \$0 of receivables from securities sold, respectively.

The Company's gross unrealized gains related to its equity investments were \$112,000 and \$80,000 as of March 31, 2026 and December 31, 2025, respectively. The Company's gross unrealized losses related to its equity investments were \$81,000 and \$79,000 as of March 31, 2026 and December 31, 2025, respectively.

Proceeds from sales of short-term investments were \$39.3 million and \$24.7 million for the three months ended March 31, 2026 and 2025, respectively. Purchases of short-term investments were \$65.4 million and \$62.4 million for the three months ended March 31, 2026 and 2025, respectively.

The Company also carries other equity investments that do not have a readily determinable fair value and are recorded at cost, less impairment or observable changes in price. We review these investments for impairment during each reporting period. There was no impairment or observable changes in price recorded for the three months ended March 31, 2026 and 2025, respectively, related to the Company's equity securities without a readily determinable fair value. These investments are a component of Other Assets in the Condensed Consolidated Balance Sheets. The value of these investments as of March 31, 2026 and December 31, 2025 were \$250,000, respectively.

The table below summarizes the amortized cost and fair value of available-for-sale debt securities by contractual maturity at March 31, 2026. Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties (dollars in thousands):

	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 8,906	\$ 8,803
Due after one year through five years	20,817	19,691
Due after five years through ten years	9,858	8,691
Due after ten years	8,879	6,795
Securities with contractual maturities	48,460	43,980
Asset-backed securities	15,167	15,124
Mortgage-backed securities	21,681	17,972
Commercial mortgage-backed securities	1,169	1,123
Collateralized mortgage obligations	2,361	2,115
Total debt securities	<u>\$ 88,838</u>	<u>\$ 80,314</u>

At March 31, 2026 and December 31, 2025, the Insurance Companies Subsidiaries had an aggregate of \$8.5 million, respectively, on deposit in trust accounts to meet the deposit requirements of various state insurance departments. At March 31, 2026 and December 31, 2025, the Company had \$99.5 million and \$98.8 million, respectively, held in trust accounts to meet collateral requirements with other third-party insurers, relating to various fronting arrangements. At March 31, 2026, approximately \$98.7 million of the trust account balances are for collateral of gross unearned premiums and gross loss reserves of the fronted business on the security program and the quick service restaurant program. There are withdrawal and other restrictions on these deposits, including the type of investments that may be held, however, the Company may generally invest in high-grade bonds and short-term investments and earn interest on the funds. As the unearned premiums run off to zero and loss reserves are paid on these programs, the remaining trust balances will be released and available for general use. It is expected to take approximately seven years for a large majority of the balances to be released with approximately 50% being released in the next few years.

4. Fair Value Measurements

The Company's financial instruments include assets carried at fair value, as well as debt carried at face value, net of unamortized debt issuance costs, and are disclosed at fair value in this note. All fair values disclosed in this note are determined on a recurring basis other than the debt which is a non-recurring fair value measure. Fair value is defined as the price that would be received for an asset or paid to transfer a liability in the principal most advantageous market for the asset or liability in an orderly transaction between market participants. In determining fair value, the Company applies the market approach, which uses prices and other relevant data based on market transactions involving identical or comparable assets and liabilities. The inputs to valuation techniques used to measure fair value are prioritized into a three-level hierarchy. The hierarchy gives the highest priority to quoted prices from sources independent of the reporting entity ("observable inputs") and the lowest priority to prices determined by the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs"). The fair value hierarchy is as follows:

Level 1 - Valuations that are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuations that are based on observable inputs (other than Level 1 prices) such as quoted prices for similar assets or liabilities at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs that are supported by little or no market activity. The unobservable inputs represent the Company's best assumption of how market participants would price the assets or liabilities.

Net Asset Value (NAV) - The fair values of investment company limited partnership investments and mutual funds are based on the capital account balances reported by the investment funds subject to their management review and adjustment. These capital account balances reflect the fair value of the investment funds.

The following tables present the Company's assets and liabilities measured at fair value, classified by the valuation hierarchy as of March 31, 2026 and December 31, 2025 (dollars in thousands):

	March 31, 2026			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Assets:				
Debt Securities:				
U.S. Government	\$ 4,704	\$ —	\$ 4,704	\$ —
State and local government	17,200	—	17,200	—
Corporate debt	22,076	—	22,076	—
Asset-backed securities	15,124	—	15,124	—
Mortgage-backed securities	17,972	—	17,972	—
Commercial mortgage-backed securities	1,123	—	1,123	—
Collateralized mortgage obligations	2,115	—	2,115	—
Total debt securities	80,314	—	80,314	—
Equity Securities	311	91	220	—
Short-term investments	32,464	32,464	—	—
Total marketable investments measured at fair value	\$ 113,089	\$ 32,555	\$ 80,534	\$ —
Investments measured at NAV:				
Investments in limited partnerships	977			
Total investments measured at fair value	\$ 114,066			
Contingent considerations from CIS Sale	8,780	—	—	8,780
Total assets measured at fair value	\$ 122,846			
Liabilities:				
Funds-withheld obligation	20,541	—	20,541	—
Total Liabilities fair value measure	\$ 20,541	\$ —	\$ 20,541	\$ —

	December 31, 2025			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Assets:				
Debt Securities:				
U.S. Government	\$ 4,605	\$ —	\$ 4,605	\$ —
State and local government	17,216	—	17,216	—
Corporate debt	23,764	—	23,764	—
Asset-backed securities	20,973	—	20,973	—
Mortgage-backed securities	18,568	—	18,568	—
Commercial mortgage-backed securities	1,006	—	1,006	—
Collateralized mortgage obligations	2,173	—	2,173	—
Total debt securities	88,305	—	88,305	—
Equity securities	313	93	220	—
Short-term investments	24,725	22,204	2,521	—
Total marketable investments measured at fair value	\$ 113,343	\$ 22,297	\$ 91,046	\$ —
Investments measured at NAV:				
Investments in limited partnerships	964			
Total investments measured at fair value	114,307			
Contingent considerations from CIS Sale	4,290	—	—	4,290
Total assets measured at fair value	\$ 118,597			
Liabilities:				
Funds-withheld obligation	21,284	—	21,284	—
Total Liabilities fair value measure	\$ 21,284	\$ —	\$ 21,284	\$ —

Level 1 investments consist of equity securities traded in an active exchange market. The Company uses unadjusted quoted prices for identical instruments to measure fair value. Level 1 also includes money market funds and other interest-bearing deposits at banks, which are reported as short-term investments. The fair value measurements that were based on Level 1 inputs comprise 29% and 20% of the fair value of the total marketable investments measured at fair value as of March 31, 2026 and December 31, 2025, respectively.

Level 2 investments include debt securities and equity securities, which consist of U.S. government agency securities, state and local municipal bonds (including those held as restricted securities), corporate debt securities, mortgage-backed and asset-backed securities. The fair value of securities included in the Level 2 category were based on the market values obtained from a third-party pricing service that were evaluated using pricing models that vary by asset class and incorporate available trade, bid and other observable market information. The third-party pricing service monitors market indicators, as well as industry and economic events. The fair value measurements that were based on Level 2 inputs comprise 71% and 80% of the fair value of the total marketable investments measured at fair value as of March 31, 2026 and December 31, 2025, respectively.

The Company obtains pricing for each security from independent pricing services, investment managers or consultants to assist in determining fair value for its Level 2 investments. To validate that these quoted prices are reasonable estimates of fair value, the Company performs various quantitative and qualitative procedures, such as (i) evaluation of the underlying methodologies, (ii) analysis of recent sales activity, (iii) analytical review of our fair values against current market prices and (iv) comparison of the pricing services' fair value to other pricing services' fair value for the same investment. No markets for the investments were determined to be inactive at period-ends. Based on these procedures, the Company did not adjust the prices or quotes provided from independent pricing services, investment managers or consultants.

As of March 31, 2026, the Company had an asset for its contingent consideration related to the CIS Sale. The fair value measurement of the contingent considerations asset was determined using Level 3 inputs. The Company determined the fair value of the third contingent payment to be \$8.8 million as of March 31, 2026. The fair value was calculated based on the average of 20,000 simulations of a Monte Carlo analysis performed using Geometric Brownian Motion. Key assumptions in the analysis included the following as of March 31, 2026:

Contingent Consideration

Discount rate	13.9%
Gross revenue risk adjustment	2.9%
Gross revenue volatility	15.0%
Weighted average risk-free rate	3.7%
Weighted average cost of capital	10.5%

As of December 31, 2025, the Company had an asset for contingent consideration related to the CIS Sale. The fair value measurement of the contingent considerations asset was determined using Level 3 inputs. The Company determined the fair value of the third contingent payment to be \$4.3 million as of December 31, 2025. The fair value was calculated based on the average of 20,000 simulations of a Monte Carlo analysis performed using Geometric Brownian Motion. Key assumptions in the analysis included the following as of December 31, 2025:

Contingent Consideration

Discount rate	12.5%
Gross revenue risk adjustment	2.9%
Gross revenue volatility	15.0%
Risk-free rate	3.5%
Weighted average cost of capital	10.5%

The Company's policy on recognizing transfers between hierarchies is applied at the end of each reporting period. The tables below show a roll forward of Level 3 assets and liabilities held at fair value during the three months ended March 31, 2026 (dollars in thousands):

	Balance as of January 1, 2026	Additions into Level 3	Subtractions out of Level 3	Change in Fair Value	Balance as of March 31, 2026
Contingent considerations	\$ 4,290	\$ —	\$ —	\$ 4,490	\$ 8,780
Total recurring Level 3 assets	\$ 4,290	\$ —	\$ —	\$ 4,490	\$ 8,780

5. Deferred Policy Acquisition Costs

The Company defers costs incurred which are incremental and directly related to the successful acquisition of new or renewal insurance business, net of corresponding amounts of ceded reinsurance commissions. Net deferred policy acquisition costs are amortized and charged to expense in proportion to premium earned over the estimated policy term. The Company anticipates that its deferred policy acquisition costs will be fully recoverable and there were no premium deficiencies for the three months ended March 31, 2026 and 2025. The activity in deferred policy acquisition costs, net of reinsurance transactions, is as follows (dollars in thousands):

	Three Months Ended March 31,	
	2026	2025
Balance at beginning of period	\$ 2,696	\$ 6,380
Deferred policy acquisition costs	1,687	2,944
Amortization of policy acquisition costs	(1,558)	(2,677)
Net change	129	267
Balance at end of period	<u>\$ 2,825</u>	<u>\$ 6,647</u>

6. Unpaid Losses and Loss Adjustment Expenses

The Company establishes reserves for unpaid losses and loss adjustment expenses ("LAE") which represent the estimated ultimate cost of all losses incurred that were both reported and unreported (i.e., incurred but not yet reported losses; or "IBNR") and LAE incurred that remain unpaid at the balance sheet date. The Company's reserving process takes into account known facts and interpretations of circumstances and factors including the Company's experience with similar cases, actual claims paid, historical trends involving claim payment patterns and pending levels of unpaid claims, loss management programs,

product mix and contractual terms, changes in law and regulation, judicial decisions, and economic conditions. In the normal course of business, the Company may also supplement its claims processes by utilizing third-party adjusters, appraisers, engineers, inspectors, and other professionals and information sources to assess and settle catastrophe and non-catastrophe related claims. The effects of inflation are implicitly considered in the reserving process.

Reserves are estimates of unpaid portions of losses that have occurred, including IBNR losses; therefore, the establishment of appropriate reserves is an inherently uncertain and complex process. The ultimate cost of losses may vary materially from recorded amounts, which are based on management's best estimates. The highest degree of uncertainty is associated with reserves for losses incurred in the current reporting period as it contains the greatest proportion of losses that have not been reported or settled. The Company regularly updates its reserve estimates as new information becomes available and as events unfold that may affect the resolution of unsettled claims. Changes in reserve estimates, which may be material, are reported in the results of operations in the period such changes are determined to be needed and recorded.

Management believes that the reserve for losses and LAE is appropriately established in the aggregate and adequate to cover the ultimate net cost of reported and unreported claims arising from losses which had occurred by the date of the condensed consolidated financial statements based on available facts and in accordance with applicable laws and regulations.

The table below provides the changes in the reserves for losses and LAE, net of reinsurance recoverables, for the periods indicated as follows (dollars in thousands):

	Three months ended	
	March 31,	
	2026	2025
Gross reserves - beginning of period	\$ 146,262	\$ 189,285
Less: reinsurance recoverables on unpaid losses	(63,909)	(84,490)
Net reserves - beginning of period	82,353	104,795
Add: incurred losses and LAE, net of reinsurance:		
Current period	3,508	9,130
Prior period	(179)	144
Total net incurred losses and LAE	3,329	9,274
Deduct: loss and LAE payments, net of reinsurance:		
Current period	980	1,593
Prior period	9,215	13,986
Total net loss and LAE payments	10,195	15,579
Net reserves - end of period	75,487	98,490
Plus: reinsurance recoverables on unpaid losses	62,014	77,872
Gross reserves - end of period	\$ 137,501	\$ 176,362

Net losses and LAE decreased by \$6.0 million, or 64.1%, to \$3.3 million during the first quarter of 2026, compared to \$9.3 million for the same period in 2025. The decrease was mostly due to a significant reduction in net earned premiums as the commercial lines business is in runoff and we focus on the specialty homeowners business.

7. Reinsurance

In the normal course of business, the Company participates in reinsurance agreements in order to limit losses that may arise from catastrophes or other individually severe events.

Effective June 1, 2025, the Company was party to a new quota share reinsurance agreement wherein it cedes 50% of premiums as of the effective date, on substantially all of its homeowners business. This agreement generated \$4.2 million of ceded written premiums for the three months ended March 31, 2026. The agreement allows for a sliding-scale ceding commission depending on the performance of the underlying business. We calculated the ceding commission based on a 36.2% rate.

Effective June 1, 2025, the Company was party to a property catastrophe reinsurance treaty for aggregate losses up to \$56.0 million in excess of a \$4.0 million retention.

The Company no longer writes commercial lines business and thus has no reinsurance for specific commercial property and liability risks in 2026. The Company ceded primarily all specific commercial property and liability risks in excess of \$400,000 in 2025. The Company ceded homeowners specific risks in excess of \$500,000 in 2026 and 2025, respectively. The

homeowners quota share effectively reduces the net retention of the specific loss coverage from \$500,000 to \$250,000, and reduces the retention of the catastrophe reinsurance coverage from \$4.0 million to \$2.0 million.

Reinsurance does not discharge the direct insurer from liability to its policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company evaluates the financial condition of its reinsurers and monitors the concentration of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. To date, the Company has not experienced any significant difficulties in collecting reinsurance recoverables, other than the loss portfolio transfer discussed below.

On November 1, 2022, the Company entered into a loss portfolio transfer ("LPT") reinsurance agreement. The LPT provides adverse reserve development coverage of up to \$20.0 million for accident years 2019 and prior. As of March 31, 2026, the Company ceded an aggregate of \$17.1 million of losses to the LPT. As of December 31, 2025, the Company ceded an aggregate of \$16.5 million of losses to the LPT. Due to the insolvency of the reinsurer, we do not expect any additional recoveries from the loss portfolio transfer.

As of March 31, 2026, the Condensed Consolidated Balance Sheets included \$205,000 and \$3.0 million of fully collateralized reinsurance recoverables on paid and unpaid losses related to the LPT, respectively. As of December 31, 2025, the Consolidated Balance Sheets included \$3.4 million of fully collateralized reinsurance recoverables on unpaid losses related to the LPT, respectively.

The following table presents the effects of reinsurance and assumption transactions on written premiums, earned premiums and losses and LAE (dollars in thousands):

	Three Months Ended March 31,	
	2026	2025
Written premiums:		
Direct	\$ 11,469	\$ 16,177
Assumed	—	(4)
Ceded	(5,394)	(5,333)
Net written premiums	\$ 6,075	\$ 10,840
Earned premiums:		
Direct	\$ 13,714	\$ 16,187
Assumed	—	(69)
Ceded	(7,789)	(5,803)
Net earned premiums	\$ 5,925	\$ 10,315
Losses and LAE:		
Direct	\$ 5,011	\$ 7,080
Assumed	1,092	8,671
Ceded	(2,774)	(6,477)
Net Losses and LAE	\$ 3,329	\$ 9,274

8. Debt

The Company has \$12.9 million of gross senior unsecured notes (the "notes") outstanding as of March 31, 2026. A summary of the Company's outstanding debt is as follows (dollars in thousands):

	As of March 31, 2026			As of December 31, 2025		
	Gross Debt	Unamortized Debt Issuance Costs	Net Debt	Gross Debt	Unamortized Debt Issuance Costs	Net Debt
Senior unsecured notes	\$ 12,887	\$ 637	\$ 12,250	\$ 12,887	\$ 700	\$ 12,187

Senior Unsecured Notes

The notes bear an interest rate of 9.75% per annum, payable quarterly at the end of March, June, September and December and mature on September 30, 2028. The Company may redeem the notes, in whole or in part, at face value at any time after September 30, 2025.

Financial Debt Covenants

The Company was not subject to any restrictive financial debt covenants as of March 31, 2026.

Scheduled Principal Payments

The scheduled principal payment of the Parent Company's debt as of March 31, 2026 is \$16.9 million due on September 30, 2028, of which \$4.0 million will be paid to TIC.

Funds-Withheld Obligation

Included in Funds held under reinsurance agreements in the Condensed Consolidated Balance Sheets are \$20.5 million and \$21.3 million as of March 31, 2026, and December 31, 2025, respectively, of a funds-withheld obligation relating to one reinsurance agreement which is accounted for as an embedded derivative. Changes to the funds-withheld obligation due to fair value changes of the underlying asset portfolio are included in Operating and other expenses on the Condensed Consolidated Statements of Operation. The fair value of the underlying asset portfolio increased by \$221,000 and \$282,000 for the three months ended March 31, 2026 and 2025, respectively. The increases in fair value of the asset portfolio were recorded as an expense in Operating and other expenses on the Condensed Consolidated Statements of Operation.

9. Mandatorily Redeemable Preferred Stock

Series C Preferred Stock

On December 23, 2025, the Company issued a total of \$8.0 million of its newly designated non-convertible mandatorily redeemable Series C Preferred Stock, no par value, through a private placement of 1,600 preferred shares priced at \$5,000 per share that matures on April 2, 2027, to Clarkston Companies, Inc., an entity affiliated with Jeffrey Hakala, a member of the Board of Directors of the Company.

The Series C Preferred Stock requires quarterly dividend payments at a dividend rate of 15.0% per annum. The Company recorded \$300,000 of interest expense for the three months ended March 31, 2026, related to the dividends from the Series C Preferred Stock.

Series B Preferred Stock

On February 27, 2026, the Company redeemed the \$7.5 million Series B Preferred Stock.

On February 27, 2025 and March 3, 2025, the Company issued a total of \$7.5 million of its newly designated non-convertible mandatorily redeemable Series B Preferred Stock, no par value, through a private placement of 1,500 preferred shares priced at \$5,000 per share that matures on December 31, 2026, and issued the Purchaser (as defined below) common stock purchase warrants (the "Warrants") to purchase 4,000,000 shares at an exercise price of \$1.50 per share.

The Warrants entitle the Purchaser to purchase up to 4,000,000 shares of the Company's common stock at an exercise price of \$1.50 per share. The Warrants will expire on January 31, 2027.

The Series B Preferred Stock was sold to Clarkston 91 West LLC (the "Purchaser"), an entity affiliated with Gerald and Jeffrey Hakala, who were both at such time members of the Board of Directors of the Company. The Company used the proceeds for working capital and general corporate purposes. The Series B Preferred Shares may be redeemed early at the Company's option at a price equal to the Series B face value. Each share of the Series B Preferred Stock entitled the Holder to 3,000 votes on each matter properly submitted to the Company's shareholders for their vote, however the aggregate voting power of all outstanding shares of the Series B Preferred Stock shall not exceed 19.99% of the aggregate voting power of all voting securities.

The Series B Preferred Stock required quarterly dividend payments at a rate equal to the prime rate of Waterford Bank, N.A. plus 600 basis points, or 12.0%, whichever is higher. As of the redemption date of February 27, 2026, the annualized rate was 12.75%. The Company recorded \$152,000 and \$88,000 of interest expense for the three months ended March 31, 2026 and 2025, respectively, related to the dividends from the Series B Preferred Stock.

The \$7.5 million of Series B Preferred Stock, and the Warrants issued contemporaneously, were both fair valued as of the issuance date. The Warrants were valued at \$2.0 million and the Preferred Stock was valued at \$5.5 million. The fair value of the Warrants was recorded as additional paid-in capital. The fair value measurement of the mandatorily redeemable preferred

stock was determined using a trinomial lattice model. The model was selected in consideration of the Company's optional redemption rights. Key assumptions in the analysis included the following as of the date of issuance:

Mandatorily Redeemable Preferred Stock	
Yield Volatility	20.0%
Risk-free Rate	3.9%
Selected Credit Spread	29.3%
Term	1.92 years

The total liability recorded for the Preferred Stock was \$5.5 million. The Preferred Stock liability was accreted to its maximum redemption value on the date of redemption. The increase in the redemption amount was recorded as interest expense. The Series B Preferred Stock accreted by \$1.1 million and \$75,000 for the three months ended March 31, 2026 and 2025, respectively.

10. Shareholders' Equity

On February 27, 2026, the Company issued 14,000,000 shares of common stock at a purchase price of \$1.00 per share pursuant to a rights offering backstopped by Clarkston Companies, Inc. A portion of the proceeds were used to redeem the \$7.5 million of the Company's outstanding Series B Preferred Stock and to contribute \$3.0 million to TIC in February 2026. The remaining proceeds are being used for working capital and general corporate purposes.

As of March 31, 2026 and December 31, 2025, the Company had 26,222,881 and 12,222,881 issued and outstanding shares of common stock, respectively. Holders of common stock are entitled to one vote per share and to receive dividends only when and if declared by the board of directors. The holders have no preemptive, conversion or subscription rights.

On December 5, 2018, the Company's Board authorized a stock repurchase program, under which the Company may repurchase up to one million shares of the Company's common stock. Shares may be purchased in the open market or through negotiated transactions. The program may be terminated or suspended at any time, at the discretion of the Company. The Company may in the future enter into a Rule 10b5-1 trading plan to effect a portion of the authorized purchases, if criteria set forth in the plan are met. Such a plan would enable the Company to repurchase its shares during periods outside of its normal trading windows, when the Company typically would not be active in the market. The timing of purchases, and the exact number of any shares to be purchased, will depend on market conditions. The repurchase program does not include specific price targets or timetables. The Company did not repurchase any shares of stock related to the stock repurchase program for the three months ended March 31, 2026 and for the year ended December 31, 2025, respectively.

11. Earnings Per Share

Basic and diluted earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. The following table presents the calculation of basic and diluted earnings (loss) per common share, as follows (dollars in thousands, except per share and share amounts):

	Three Months Ended March 31,	
	2026	2025
Net income (loss)	\$ 2,622	\$ 522
Weighted average common shares outstanding, basic and diluted	17,200,659	12,222,881
Earnings (loss) per common share, basic and diluted	\$ 0.15	\$ 0.04

* There were no unvested restricted stock units for the three months ended March 31, 2026 and 2025, respectively. The 53,000 and 116,000 of non-vested shares of stock options were anti-dilutive for the three months ended March 31, 2026 and 2025, respectively. The 4,000,000 Warrants were anti-dilutive for the three months ended March 31, 2026 and 2025, respectively. Therefore, the basic and diluted weighted average common shares are equal for the three months ended March 31, 2026 and 2025.

12. Stock-based Compensation

On March 8, 2022 the Company issued options to purchase 630,000 shares of the Company's common stock to two named executive officers. The right to exercise the options vest over a five-year period on a straight-line basis. The options have a strike price of \$4.53 per share and will expire on March 8, 2032. The estimated grant date fair value of these options is \$612,000, which is being expensed ratably over the vesting period. A Black Scholes model was used to determine the fair value of the options at the time the options were issued, using the Company's historical 5-year market price of its stock to determine volatility (equating to 65.04%), an estimated 5-year term to exercise the options, a 5-year risk-free rate of return of 1.8%, and the market price for the Company's stock of \$2.40 per share.

On June 30, 2020, the Company issued options to purchase 280,000 shares of the Company's common stock, to certain executive officers and other employees. The right to exercise the options vest over a five-year period on a straight-line basis. The options have a strike price of \$3.81 per share and expire on June 30, 2030. The estimated grant date fair value of these options is \$290,000, which was fully expensed as of June 30, 2025.

The Company recorded \$13,000 and \$15,000 of compensation expense for the three months ended March 31, 2026 and 2025, respectively, related to the Company's stock options granted. There were 53,000 options outstanding and unvested as of March 31, 2026, which will generate an estimated future expense of \$47,000.

13. Commitments and Contingencies

Legal Proceedings

The Company and its subsidiaries are subject at times to various claims, lawsuits and proceedings relating principally to alleged errors or omissions in the placement of insurance, claims administration, and other business transactions arising in the ordinary course of business. Where appropriate, the Company vigorously defends such claims, lawsuits and proceedings. Some of these claims, lawsuits and proceedings seek damages, including consequential, exemplary or punitive damages, in amounts that could, if awarded, be significant. Most of the claims, lawsuits and proceedings arising in the ordinary course of business are covered by the insurance policy at issue. We account for such activity through the establishment of unpaid losses and LAE reserves. In accordance with accounting guidance, if it is probable that a liability has been incurred as of the date of the financial statements and the amount of loss is reasonably estimable; then an accrual for the costs to resolve these claims is recorded by the Company in the accompanying condensed consolidated financial statements. Periodic expenses related to the defense of such claims are included in the accompanying condensed consolidated statements of operations. On the basis of current information, the Company does not believe that there is a reasonable possibility that any material loss exceeding amounts already accrued, if any, will result from any of the claims, lawsuits and proceedings to which the Company is subject to, either individually or in the aggregate.

On February 10, 2026, James Petcoff, a shareholder of the Company, filed a complaint against the Company, current and former directors of the Company, the Company's Chief Executive Officer and Clarkston 91 West ("Clarkston 91"), which purchased preferred shares and warrants from the Company. The complaint alleges, among other things, breaches of fiduciary duties and Michigan law with respect to the sale by the Company of Series B Preferred Stock and Warrants to Clarkston 91 in February and March 2025 and the sale by the Company of Series C Preferred Stock to an affiliate of Clarkston 91 in December 2025. On March 10, 2026, Mr. Petcoff filed an amended complaint. The Company is reviewing the amended complaint and intends to vigorously defend the matter.

Payment of Contingent Considerations

As of March 31, 2026, the Company recorded \$8.8 million of contingent consideration receivable to reflect the fair value of potential additional contingent consideration related to the CIS Sale. The timing of such payment is contingent on the performance of CIS which is subject to variables outside of our control. We have until June 30, 2027 to earn the remaining contingent consideration.

At the time of the CIS Sale, the Company entered into a bonus agreement with three of its employees that conveyed with the transaction. Under the agreement the Company would pay a bonus once the third payment of the contingent consideration was received. The total bonus is \$1.5 million. As the occurrence of the third contingent consideration payment is now deemed probable, the Company accrued the full \$1.5 million of bonus expense as of March 31, 2026 and December 31, 2025, respectively.

14. Segment Information

The Company is engaged in the sale of property and casualty insurance products and has organized its business model around two classes of insurance businesses: commercial lines and personal lines business. Within these two businesses, the Company offers various insurance products to niche commercial businesses in the commercial lines reportable segment and homeowners in the personal lines reportable segment. All commercial lines business is in runoff.

The Company defines its operating segments as components of the business where separate financial information is available and used by the chief operating decision maker in deciding how to allocate resources to its segments and in assessing its performance. In assessing performance of its operating segments, the Company's chief operating decision maker, the Chief Executive Officer, reviews a number of financial measures including gross written premiums, net earned premiums, losses and LAE, net of reinsurance recoveries, and other revenue and expenses. The primary measure used for making decisions about resources to be allocated to an operating segment and assessing its performance is segment underwriting gain or loss which is defined as segment revenues, consisting of net earned premiums and other income, less segment expenses, consisting of losses and LAE, policy acquisition costs and operating expenses of the operating segments. Operating expenses primarily include compensation and related benefits for personnel, policy issuance and claims systems, rent and utilities. All of the Company's insurance activities are conducted in the U.S. with a concentration of activity in Texas. For the three months ended March 31, 2026 and 2025, gross written premiums attributable to Texas were 93.6% and 81.9%, respectively, of the Company's total gross written premiums.

In addition to the reportable segments, the Company maintains a Corporate category to reconcile segment results to the consolidated totals. The Corporate category includes: (i) corporate operating expenses such as salaries and related benefits of the Company's executive management team, some finance and information technology personnel, and other corporate headquarters expenses, (ii) interest expense on the Company's debt obligations and (iii) all investment income activity. All investment income activity is reported within net investment income, net realized investment gains (losses), and change in fair value of equity securities on the consolidated statements of operations. The Company's assets on the consolidated balance sheet are not allocated to the reportable segments.

The following tables present information by reportable segment (dollars in thousands):

Three months ended March 31, 2026	Personal Lines	Commercial Lines	Corporate	Total
Gross written premiums	\$ 11,487	\$ (18)	\$ —	\$ 11,469
Net written premiums	\$ 6,091	\$ (16)	\$ —	\$ 6,075
Net earned premiums	\$ 5,792	\$ 133	\$ —	\$ 5,925
Segment revenue	5,792	133	—	5,925
Losses and LAE, net	3,600	(271)	—	3,329
Policy acquisition costs	1,558	—	—	1,558
Operating expenses	512	865	723	2,100
Segment expenses	5,670	594	723	6,987
Segment gain (loss)	\$ 122	\$ (461)	\$ (723)	\$ (1,062)
Net investment income			1,110	1,110
Net realized investment gains (losses)			(14)	(14)
Change in fair value of equity securities			30	30
Change in fair value of contingent considerations			4,490	4,490
Other income			6	6
Interest expense			1,976	1,976
Income (loss) before income taxes	\$ 122	\$ (461)	\$ 2,923	\$ 2,584

Three months ended March 31, 2025	Personal Lines	Commercial Lines	Corporate	Total
Gross written premiums	\$ 14,126	\$ 2,047	\$ —	\$ 16,173
Net written premiums	\$ 12,444	\$ (1,604)	\$ —	\$ 10,840
Net earned premiums	\$ 8,984	\$ 1,331	\$ —	\$ 10,315
Other income	23	—	42	65
Segment revenue	9,007	1,331	42	10,380
Losses and LAE, net	7,769	1,505	—	9,274
Policy acquisition costs	2,724	(47)	—	2,677
Operating expenses	2,192	384	285	2,861
Segment expenses	12,685	1,842	285	14,812
Segment gain (loss)	\$ (3,678)	\$ (511)	\$ (243)	\$ (4,432)
Net investment income			1,289	1,289
Net realized investment gains (losses)			3	3
Change in fair value of equity securities			(192)	(192)
Change in fair value of contingent considerations			4,395	4,395
Interest expense			541	541
Income (loss) before income taxes	\$ (3,678)	\$ (511)	\$ 4,711	\$ 522

15. Subsequent Events

On May 11, 2026, pursuant to the Exchange Agreement, dated May 11, 2026, by and between the Company and Clarkston Companies, Inc., the Company issued 1,600 shares of the Company's newly designated Series D Preferred Stock, no par value, to Clarkston Companies, Inc., an entity affiliated with Jeffrey Hakala, a member of the Board of Directors of the Company, in exchange for 1,600 shares of the Company's Series C Preferred Stock. In connection with the exchange, on May 11, 2026 the Company filed a Certificate of Designation designating 1,600 shares of Series D Preferred Stock. The Series D Preferred Stock has the same terms as the Series C Preferred Stock but with a maturity date of April 2, 2028 instead of April 2, 2027. The exchange involved no cash consideration and was effected in reliance on Section 3(a)(9) of the Securities Act of 1933, as amended. Following the exchange, 1,600 shares of Series D Preferred Stock were outstanding and no shares of Series C Preferred Stock were outstanding.

The Company performed an evaluation of subsequent events through the date the financial statements were issued and determined there were no additional recognized or unrecognized subsequent events that would require an adjustment or additional disclosure in the condensed consolidated financial statements as of March 31, 2026.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Periods Ended March 31, 2026 and 2025

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Condensed Consolidated Financial Statements (Unaudited), related notes and other financial information appearing elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K, filed on March 27, 2026 with the U. S. Securities and Exchange Commission.

Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q, which are not statements of historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give current expectations or forecasts of future events or our future financial or operating performance. Words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "seek" and similar terms and phrases, or the negative thereof, may be used to identify forward-looking statements.

The forward-looking statements contained in this report are based on management's good-faith belief and reasonable judgment based on current information. The forward-looking statements are qualified by important factors, risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from those in the forward-looking statements, including those described in our Form 10-K ("Item 1A Risk Factors") filed with the SEC on March 27, 2026 and included herein, and subsequent reports filed with or furnished to the SEC. Any forward-looking statement made by us in this report speaks only as of the date hereof or as of the date specified herein. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable laws or regulations.

Recent Developments

Rights Offering

On February 27, 2026, the Company issued 14,000,000 shares of common stock at a purchase price of \$1.00 per share pursuant to a rights offering backstopped by Clarkston Companies, Inc. A portion of the proceeds were used to redeem the \$7.5 million of the Company's outstanding Series B Preferred Stock and to contribute \$3.0 million to TIC in February 2026. The remaining proceeds are being used for working capital and general corporate purposes.

Redemption of Series B Preferred Stock

The Company redeemed the \$7.5 million of Series B Preferred Stock on February 27, 2026.

Nasdaq Minimum Bid Price Compliance

As previously reported, on March 3, 2026, the Company received a letter (the "Notice") from the Listing Qualifications Staff of the Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that because the closing bid price of the Company's common stock was below \$1.00 per share for the prior 30 consecutive business days, the Company is not in compliance with the minimum bid price requirement for continued listing on The Nasdaq Capital Market, as set forth in Nasdaq Marketplace Rule 5550(a)(2) (the "Minimum Bid Price Requirement").

In accordance with Nasdaq Marketplace Rule 5810(c)(3)(A), the Company has a period of 180 calendar days from March 3, 2026, or until August 31, 2026, to regain compliance with the Minimum Bid Price Requirement. If at any time before August 31, 2026, the closing bid price of the Company's Common Stock closes at or above \$1.00 per share for a minimum of 10 consecutive business days (which number of days may be extended by Nasdaq), Nasdaq will provide written notification that the Company has achieved compliance with the Minimum Bid Price Requirement, and the matter would be resolved.

The Notice also disclosed that in the event the Company does not regain compliance with the Minimum Bid Price Requirement by August 31, 2026, the Company may be eligible for additional time. To qualify for additional time, the Company would be required to meet the applicable market value of publicly held shares requirement for continued listing and all other applicable standards for initial listing on The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and would need to provide written notice of its intention to cure the deficiency during the second compliance period. If the Company meets these requirements, Nasdaq will inform the Company that it has been granted an additional 180

calendar days. However, if it appears to the Staff that the Company will not be able to cure the deficiency, or if the Company is otherwise not eligible, Nasdaq will provide notice that the Company's securities will be subject to delisting.

The Company intends to continue actively monitoring the closing bid price for the Company's Common Stock between now and August 31, 2026, and will consider available options to resolve the deficiency and regain compliance with the Minimum Bid Price Requirement. In June 2025, our shareholders approved an amendment to our articles of incorporation to effect a reverse stock split at a ratio between 1-for-2 and 1-for-12. Our board of directors has authority to select an exchange ratio within the approved range at any time prior to June 3, 2026. The Company's board of directors intends to effect the reverse stock split only if it determines the reverse stock split to be in the best interests of our shareholders. Such a reverse stock split would likely put us in compliance with the Minimum Bid Price Requirement.

If the Company does not regain compliance within the allotted compliance period, including any extensions that may be granted by Nasdaq, Nasdaq will provide notice that the Company's Common Stock will be subject to delisting. The Company would then be entitled to appeal that determination to a Nasdaq hearings panel. There can be no assurance that the Company will regain compliance with the Minimum Bid Price Requirement during the 180-day compliance period, secure a second period of 180 calendar days to regain compliance, or maintain compliance with the other Nasdaq listing requirements.

Business Overview

We are an insurance holding company that markets and services our product offerings through specialty commercial and specialty personal insurance business lines. Currently, we are authorized to write insurance as an excess and surplus lines carrier in 44 states, plus the District of Columbia. We are licensed to write insurance as an admitted carrier in 42 states, plus the District of Columbia. As of March 31, 2026, we offer only homeowners insurance products primarily in Texas, Illinois and Indiana.

Our revenues are primarily derived from premiums earned from our insurance operations. We also generate other revenues through investment income.

Our expenses consist primarily of losses and loss adjustment expenses, agents' commissions, reinsurance premiums and other underwriting and administrative expenses.

Through our personal insurance lines, we offer homeowners insurance and dwelling fire insurance products to individuals in several states. Our specialty homeowners insurance product line is primarily comprised of low-value dwelling insurance tailored for owners of lower valued homes, which we offer in Texas, Illinois and Indiana. Our commercial lines business is in runoff.

Critical Accounting Policies and Estimates

In certain circumstances, we are required to make estimates and assumptions that affect amounts reported in our condensed consolidated financial statements and related footnotes. We evaluate these estimates and assumptions periodically on an on-going basis based on a variety of factors. There can be no assurance, however, that actual results will not be materially different than our estimates and assumptions, and that reported results of operations will not be affected by accounting adjustments needed to reflect changes in these estimates and assumptions. During the three months ended March 31, 2026, there were no material changes to our critical accounting policies and estimating methodologies, which are disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Annual Report on Form 10-K filed with the SEC on March 27, 2026.

Executive Overview

The Company's gross written premiums decreased \$4.7 million, or 29.1%, to \$11.5 million in the first quarter of 2026, compared to \$16.2 million for the same period in 2025.

The Company's personal lines gross written premiums decreased \$2.6 million, or 18.7%, to \$11.5 million in the first quarter of 2026, compared to \$14.1 million for the same period in 2025.

The Company reported net income of \$2.6 million, or \$0.15 per share in the first quarter of 2026, compared to net income of \$522,000, or \$0.04 per share for the same period in 2025.

Adjusted operating loss, a non-GAAP measure, was \$2.8 million, or \$0.16 per share during the first quarter of 2026, compared to \$3.7 million, or \$0.30 per share for the same period in 2025.

Our underwriting combined ratio was 105.7% and 140.5% for the three months ended March 31, 2026 and 2025, respectively.

Results of Operations for the Three Months Ended March 31, 2026 and 2025

The following table summarizes our operating results for the periods indicated (dollars in thousands):

Summary of Operating Results

	Three Months Ended March 31,		\$ Change	% Change
	2026	2025		
Gross written premiums	\$ 11,469	\$ 16,173	\$ (4,704)	(29.1)%
Net written premiums	\$ 6,075	\$ 10,840	\$ (4,765)	(44.0)%
Net earned premiums	\$ 5,925	\$ 10,315	\$ (4,390)	(42.6)%
Other income	6	65	(59)	(90.8)%
Losses and loss adjustment expenses, net	3,329	9,274	(5,945)	(64.1)%
Policy acquisition costs	1,558	2,677	(1,119)	(41.8)%
Operating expenses	2,100	2,861	(761)	(26.6)%
Underwriting gain (loss)	(1,056)	(4,432)	3,376	(76.2)%
Net investment income	1,110	1,289	(179)	(13.9)%
Net realized investment gains (losses)	(14)	3	(17)	*
Change in fair value of equity securities	30	(192)	222	*
Change in fair value of contingent considerations	4,490	4,395	95	2.2%
Interest expense	1,976	541	1,435	*
Income (loss) before income taxes	2,584	522	2,062	*
Income tax expense (benefit)	(38)	—	(38)	*
Net income (loss)	\$ 2,622	\$ 522	\$ 2,100	*
Book value per common share outstanding	\$ 0.96	\$ 2.09		
Underwriting Ratios:				
Loss ratio (1)	56.2%	89.7%		
Expense ratio (2)	49.5%	50.8%		
Combined ratio (3)	105.7%	140.5%		

- (1) The loss ratio is the ratio, expressed as a percentage, of net losses and loss adjustment expenses to net earned premiums and other income from underwriting operations.
- (2) The expense ratio is the ratio, expressed as a percentage, of policy acquisition costs and other underwriting expenses to net earned premiums and other income from underwriting operations.
- (3) The combined ratio is the sum of the loss ratio and the expense ratio. A combined ratio under 100% indicates an underwriting profit. A combined ratio over 100% indicates an underwriting loss.

* Percentage change is not meaningful.

Premiums

Premiums are earned ratably over the term of the policy, whereas written premiums are reflected on the effective date of the policy. Almost all commercial lines and homeowners products have annual policies, under which premiums are earned evenly over one year. The resulting net earned premiums are impacted by the gross and ceded written premiums, earned ratably over the terms of the policies.

Our premiums are presented below for the three months ended March 31, 2026 and 2025 (dollars in thousands):

Summary of Premium Revenue

	Three Months Ended March 31,		\$ Change	% Change
	2026	2025		
Gross written premiums				
Personal lines	\$ 11,487	\$ 14,126	\$ (2,639)	(18.7)%
Commercial lines	(18)	2,047	(2,065)	*
Total	<u>\$ 11,469</u>	<u>\$ 16,173</u>	<u>\$ (4,704)</u>	(29.1)%
Net written premiums				
Personal lines	\$ 6,091	\$ 12,444	\$ (6,353)	(51.1)%
Commercial lines	(16)	(1,604)	1,588	*
Total	<u>\$ 6,075</u>	<u>\$ 10,840</u>	<u>\$ (4,765)</u>	(44.0)%
Net earned premiums				
Personal lines	\$ 5,792	\$ 8,984	\$ (3,192)	(35.5)%
Commercial lines	133	1,331	(1,198)	*
Total	<u>\$ 5,925</u>	<u>\$ 10,315</u>	<u>\$ (4,390)</u>	(42.6)%

* Percentage change is not meaningful.

Gross written premiums decreased \$4.7 million, or 29.1%, to \$11.5 million for the three months ended March 31, 2026, compared to \$16.2 million for the same period in 2025.

Personal lines gross written premiums decreased \$2.6 million, or 18.7%, to \$11.5 million in the first quarter of 2026, compared to \$14.1 million for the same period in 2025. The decrease was due to underwriting changes that affected volume. Our main focus remains on prudent, steady growth in Texas.

Commercial lines gross written premiums were \$(18,000) in the first quarter of 2026, compared to \$2.0 million for the same period in 2025. The Company's commercial lines business is in runoff. The Company does not expect to write any commercial lines business in the near term.

Net written premiums decreased \$4.8 million, or 44.0%, to \$6.1 million in the first quarter of 2026, compared to \$10.8 million for the same period in 2025. The decline in net written premiums during the quarter was primarily due to the \$4.2 million of premiums ceded under a new 50% quota share agreement for our homeowners book of business effective June 1, 2025. At inception, we also ceded 50% of the homeowners unearned premiums. Our commercial lines business is in runoff, which also contributed to the decrease in net written premiums during the period.

Net earned premiums decreased \$4.4 million, or 42.6%, to \$5.9 million during the first quarter of 2026, compared to \$10.3 million for the same period in 2025. This decrease was consistent with the decrease in net written premiums during the quarter.

Losses and Loss Adjustment Expenses

The tables below detail our losses and loss adjustment expenses and loss ratios in our underwriting business for the three months ended March 31, 2026 and 2025 (dollars in thousands):

Three months ended March 31, 2026	Personal Lines	Commercial Lines	Total
Accident year net losses and LAE	\$ 3,482	\$ 26	\$ 3,508
Net (favorable) adverse development	118	(297)	(179)
Calendar year net losses and LAE	<u>\$ 3,600</u>	<u>\$ (271)</u>	<u>\$ 3,329</u>
Accident year loss ratio	60.1%	*	59.2%
Net (favorable) adverse development	2.1%	*	(3.0)%
Calendar year loss ratio	<u>62.2%</u>	<u>*</u>	<u>56.2%</u>

Three months ended March 31, 2025	Personal Lines	Commercial Lines	Total
Accident year net losses and LAE	\$ 7,005	\$ 2,125	\$ 9,130
Net (favorable) adverse development	764	(620)	144
Calendar year net losses and LAE	<u>\$ 7,769</u>	<u>\$ 1,505</u>	<u>\$ 9,274</u>
Accident year loss ratio	77.7%	159.7%	88.3%
Net (favorable) adverse development	8.6%	(46.6)%	1.4%
Calendar year loss ratio	<u>86.3%</u>	<u>113.1%</u>	<u>89.7%</u>

* Percentage change is not meaningful.

Net losses and LAE decreased by \$6.0 million, or 64.1%, to \$3.3 million during the first quarter of 2026, compared to \$9.3 million for the same period in 2025. The decrease was mostly due to a significant reduction in net earned premiums as the commercial lines business is in runoff and we focus on the specialty homeowners business.

Expense Ratio

Our expense ratio is a measure of the efficiency and performance of the commercial and personal lines of business (our risk-bearing underwriting operations). It is calculated by dividing the sum of policy acquisition costs and other underwriting expenses by the sum of net earned premiums and other income of the underwriting business. Costs that cannot be readily identifiable as a direct cost of a segment or product line remain in Corporate for segment reporting purposes. The expense ratio excludes Corporate expenses. Due to the commercial lines business being in runoff, the expense ratios for commercial lines are not deemed to be meaningful.

The table below provides the expense ratio by major component.

	Three Months Ended March 31,	
	2026	2025
Personal Lines		
Policy acquisition costs	26.9%	30.2%
Operating expenses	8.8%	24.4%
Total	<u>35.7%</u>	<u>54.6%</u>
Commercial Lines		
Policy acquisition costs	*	(3.5)%
Operating expenses	*	28.8%
Total	<u>*</u>	<u>25.3%</u>
Total Underwriting		
Policy acquisition costs	26.3%	25.9%
Operating expenses	23.2%	24.9%
Total	<u>49.5%</u>	<u>50.8%</u>

Our expense ratio decreased by 1.3% in the first quarter of 2026, to 49.5%, compared to 50.8% for the same period in 2025.

Policy acquisition costs are costs we incur to issue policies, which include commissions, premium taxes and underwriting reports. The Company offsets direct commissions with ceding commissions from reinsurers. The percentage of policy acquisition costs to net earned premiums and other income increased by 0.4% during the first quarter of 2026 to 26.3%, compared to 25.9% during the same period in 2025. Sycamore Specialty Underwriters, LLC ("SSU"), which is producing substantially all go-forward business, manages the policy issuance, premium collections and systems of the homeowners book of business. The reduction was partially due to a 1.0% reduction in the commission rate paid to SSU beginning on September 1, 2025.

Operating expenses consist primarily of employee compensation, information technology and occupancy costs, such as rent and utilities. Operating expenses as a percent of net earned premiums and other income decreased by 1.7% during the first quarter of 2026 to 23.2%, compared to 24.9% for the same period in 2025. The decrease in the ratio was mostly due to improved administrative cost efficiency.

Segment Results

We measure the performance of our consolidated results, in part, based on our underwriting gain or loss. The following table provides the underwriting gain or loss for the three months ended March 31, 2026 and 2025 (dollars in thousands):

Segment Gain (Loss)

	Three Months Ended		\$ Change
	March 31,		
	2026	2025	
Personal Lines	\$ 122	\$ (3,678)	\$ 3,800
Commercial Lines	(461)	(511)	50
Corporate	(723)	(243)	(480)
Total segment gain (loss)	<u>\$ (1,062)</u>	<u>\$ (4,432)</u>	<u>\$ 3,370</u>

Liquidity and Capital Resources

Sources and Uses of Funds

At March 31, 2026, the Company had \$57.9 million in cash, cash equivalents and short-term investments. Our principal sources of funds are insurance premiums, investment income and proceeds from maturities and sales of invested assets. These funds are primarily used to pay claims, commissions, employee compensation, taxes and other operating expenses, and service debt and mandatorily redeemable preferred stock.

We conduct our business operations primarily through our Insurance Company Subsidiaries. Our Parent Company's ability to service debt and mandatorily redeemable preferred stock, and pay administrative expenses is primarily reliant upon our intercompany service fees paid by the Insurance Company Subsidiaries to the Parent Company for management, administrative, and information technology services provided to the Insurance Company Subsidiaries by the Parent Company. Secondly, the Parent Company may receive dividends from the Insurance Company Subsidiaries; however, this is not the primary means in which the Parent Company supports its funding as state insurance laws restrict the ability of our Insurance Company Subsidiaries to declare dividends to the Parent Company. Generally, the limitations are based on the greater of statutory net income for the preceding year or 10% of statutory surplus at the end of the preceding year. There were no dividends paid from our Insurance Company Subsidiaries for the three months ended March 31, 2026 and 2025. We do not anticipate any dividends being paid to the Parent Company from our insurance subsidiaries in the near term.

Due to significant losses in 2025, much of which is attributable to the legacy commercial liability lines of business (which are now all in runoff), both Insurance Company Subsidiaries lacked sufficient capital to continue to underwrite the volume of business they have historically written. Accordingly, PHI contributed \$17.5 million into TIC during 2025 and the first quarter of 2026. In addition, PHI contributed all of its \$7.6 million ownership interest in WPIC to TIC effective December 31, 2025. Even with these contributions, TIC fell within the Company Action Level of the Risk Based Capital ("RBC") with an RBC ratio of 236% as of December 31, 2025, and was required to submit an updated plan of remediation to its domiciliary regulator. TIC is also subject to additional regulatory monitoring requirements as a result of the Company not being above the minimum required RBC levels as of December 31, 2025.

To fund these additional contributions, PHI raised \$7.5 million from the issuance of the Series B Preferred Stock in the first quarter of 2025, utilized proceeds from the second \$10.0 million earnout from the CIS Sale, which were received in the second quarter of 2025 and raised \$8.0 million from the issuance of the Series C Preferred Stock in December 2025. In February 2026, PHI completed a backstopped rights offering for \$14.0 million utilizing a portion of the proceeds to redeem the \$7.5 million Series B Preferred Stock and contribute the \$3.0 million of cash to TIC in February 2026. WPIC no longer writes any business and TIC's writings are significantly constrained by its diminished capital position.

As an effort to support TIC and WPIC, PHI received no intercompany service fees from the Insurance Company Subsidiaries during 2025 and only \$500,000 in the first quarter of 2026. PHI has relied significantly on proceeds from sales of assets and capital raises over the last two years in order to ensure its ability to meet its obligations as they became due.

With the anticipated go-forward revenue from TIC and the potential receipt of a \$10.0 million third earnout payment, management believes the Company has the ability to meet its obligations as they become due over the next twelve months.

Cash Flows

Operating Activities. Cash used in operating activities for the three months ended March 31, 2026 was \$8.3 million, compared to \$15.3 million of cash used in operating activities for the same period in 2025. The \$7.0 million decrease in cash used in operating activities was primarily due to a \$13.6 million decrease in net losses paid during the first quarter of 2026, compared to the same period in 2025. This decrease was offset by a \$6.8 million decrease in net premiums collected during the first quarter of 2026, compared to the same period in 2025.

Investing Activities. Cash provided by investing activities for the three months ended March 31, 2026 was \$168,000, compared to \$9.6 million of cash used in investing activities for the same period in 2025. The \$9.8 million increase in cash provided by investing activities was primarily due to a \$20.5 million increase in proceeds from maturities and redemptions of investments during the first quarter of 2026, compared to the same period in 2025. This was offset by a \$3.4 million increase of cash used in purchases of investments during the first quarter of 2026, compared to the same period in 2025. Further, there was a \$7.3 million decrease in proceeds from sales of investments in the first quarter of 2026, compared to the same period in 2025.

Financing Activities. Cash provided by financing activities for the three months ended March 31, 2026 was \$6.2 million compared to \$7.5 million for the same period in 2025. The \$1.3 million decrease in cash provided by financing activities was attributed to the \$7.5 million repayment of the Series B Preferred Stock during the first quarter of 2026. This was offset by \$14.0 million of common stock issued during the first quarter of 2026. The Company also paid \$252,000 related to common stock issuance costs during the first quarter of 2026.

Statutory Capital and Surplus

Our Insurance Company Subsidiaries are required to file quarterly and annual financial reports with state insurance regulators. These financial reports are prepared using statutory accounting practices promulgated by the Insurance Company Subsidiaries' state of domiciliary, rather than GAAP. The Insurance Company Subsidiaries' aggregate statutory capital and surplus (which is a statutory measure of equity) was \$51.3 million and \$42.6 million at March 31, 2026 and December 31, 2025, respectively.

Non-GAAP Financial Measures

Adjusted Operating Income and Adjusted Operating Income Per Share

Adjusted operating income or loss and adjusted operating income or loss per share are non-GAAP measures that represent net income or loss excluding net realized investment gains (losses), change in fair value of equity securities and change in fair value of contingent considerations. The most directly comparable financial GAAP measures to adjusted operating income and adjusted operating income per share are net income allocable to common shareholders and net income allocable to common shareholders per share, respectively. Adjusted operating income and adjusted operating income per share are intended as supplemental information and are not meant to replace net income allocable to common shareholders or net income allocable to common shareholders per share. Adjusted operating income and adjusted operating income per share should be read in conjunction with the GAAP financial results. Our definition of adjusted operating income may be different from that used by other companies. The following is a reconciliation of net income (loss) to adjusted operating income (loss) (dollars in thousands), as well as net income (loss) allocable to common shareholders per share to adjusted operating income (loss) per share:

	Three Months Ended	
	March 31,	
	2026	2025
Net income (loss)	\$ 2,622	\$ 522
Less:		
Net realized investment gains (losses)	(14)	3
Change in fair value of equity securities	30	(192)
Change in fair value of contingent considerations	4,490	4,395
Additional accretion of Warrants from Series B Preferred Stock payoff	946	—
Impact of income tax expense (benefit) from adjustments *	—	—
Adjusted operating income (loss)	<u>\$ (2,830)</u>	<u>\$ (3,684)</u>
Weighted average common shares diluted	17,200,659	12,222,881
Diluted income (loss) per common share:		
Net income (loss)	\$ 0.15	\$ 0.04
Less:		
Net realized investment gains (losses)	—	—
Change in fair value of equity securities	—	(0.02)
Change in fair value of contingent considerations	0.26	0.36
Additional accretion of Warrants from Series B Preferred Stock payoff	0.05	—
Impact of income tax expense (benefit) from adjustments *	—	—
Adjusted operating income (loss) per share	<u>\$ (0.16)</u>	<u>\$ (0.30)</u>

* The Company has recorded a full valuation allowance against its deferred tax assets as of March 31, 2026 and March 31, 2025, respectively. As a result, there were no taxable impacts to adjusted operating income (loss) from the adjustments to net income (loss) in the table above after taking into account the use of net operating losses and the change in the valuation allowance.

We use adjusted operating income or loss and adjusted operating income or loss per share to assess our performance and to evaluate the results of our overall business. We believe these measures provide investors with valuable information relating to our ongoing performance that may be obscured by the net effect of realized gains and losses as a result of our market risk sensitive instruments, which primarily relate to debt securities that are available for sale and not held for trading purposes. The change in fair value of equity securities and realized gains and losses may vary significantly between periods and are generally driven by external economic developments, such as capital market conditions. Accordingly, adjusted operating income excludes the effect of items that tend to be highly variable from period to period and highlights the results from our ongoing

business operations and the underlying results of our business. We believe that it is useful for investors to evaluate adjusted operating income and adjusted operating income per share, along with net income and net income per share, when reviewing and evaluating our performance.

Recent Accounting Pronouncements

Refer to Note 1 ~ *Summary of Significant Accounting Policies – Accounting Guidance Not Yet Adopted* of the Notes to the Condensed Consolidated Financial Statements for detailed information regarding recently issued accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable for smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of March 31, 2026. Based on such evaluations, the Company's Chief Executive Officer and Chief Financial Officer have concluded the Company's disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, and that information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

For the three months ended March 31, 2026, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required by this item is included under Note 13 ~ *Commitments and Contingencies* of the Notes to the Condensed Consolidated Financial Statements of the Company's Form 10-Q for the three months ended March 31, 2026, which is hereby incorporated by reference.

ITEM 1A. RISK FACTORS

There were no material changes to the risk factors disclosed in our Annual Report on Form 10-K ("Item 1A Risk Factors") filed with the SEC on March 27, 2026.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended March 31, 2026, none of the Company's directors or Section 16 officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Presurance securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any "non-Rule 10b5-1 trading arrangement" as such term is defined in Item 408(c) of Regulation S-K.

On May 11, 2026, pursuant to the Exchange Agreement, the Company issued 1,600 shares of the Company's newly designated Series D Preferred Stock, no par value, to Clarkston Companies, Inc., an entity affiliated with Jeffrey Hakala, a member of the Board of Directors of the Company, in exchange for 1,600 shares of the Company's Series C Preferred Stock. In connection with the exchange, on May 11, 2026, the Company filed a Certificate of Designation designating 1,600 shares of Series D Preferred Stock. The Series D Preferred Stock has the same terms as the Series C Preferred Stock but with a maturity date of April 2, 2028 instead of April 2, 2027. The exchange involved no cash consideration and was effected in reliance on Section 3(a)(9) of the Securities Act of 1933, as amended. Following the exchange, 1,600 shares of Series D Preferred Stock were outstanding and no shares of Series C Preferred Stock were outstanding.

The foregoing descriptions of the Certificate of Designation and Exchange Agreement are summaries and are qualified in their entirety by the terms of the Certificate of Designation and Exchange Agreement, which are attached hereto as Exhibits 3.1 and 10.1 respectively, and are incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Period Ending	Exhibit / Appendix Number	Filing Date
3.1	Certificate of Designation of Series D Preferred Stock				
10.1	Exchange Agreement, dated May 11, 2026, by and between Presurance Holdings, Inc. and Clarkston Companies, Inc.				
31.1	Section 302 Certification — CEO				
31.2	Section 302 Certification — CFO				
32.1*	Section 906 Certification — CEO				
32.2*	Section 906 Certification — CFO				
101.INS	inline XBRL Instance Document				
101.SCH	inline XBRL Taxonomy Extension Schema Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				

* This certification is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRESURANCE HOLDINGS, INC.

By: /s/ Harold J. Meloche
Harold J. Meloche
Chief Financial Officer,
Principal Financial Officer,
Principal Accounting Officer

Dated: May 13, 2026

**CERTIFICATE OF DESIGNATION
OF
SERIES D PREFERRED STOCK
OF
PRESURANCE HOLDINGS, INC.**

Pursuant to Section 302(3) of the Michigan Business Corporation Act

Pursuant to Section 302(3) of the Michigan Business Corporation Act (the “MBCA”), Presurance Holdings, Inc., a corporation duly organized and validly existing under the laws of the State of Michigan (the “Corporation”), in accordance with the provisions of Section 302(3) thereof, does hereby submit the following:

WHEREAS, the Second Amended and Restated Articles of Incorporation of the Corporation (as amended, restated, supplemented, or otherwise modified from time to time, the “Articles of Incorporation”) and the MBCA authorize the issuance of 10,000,000 shares of Preferred Stock of the Corporation, issuable from time to time, in one or more series, with such designations and such relative voting, dividend, liquidation and other rights, preferences and limitations and authorizes the Board of Directors of the Corporation (the “Board”), subject to the limitations under applicable Michigan law, to fix the rights, powers and duties thereof, without any shareholder vote; and

WHEREAS, it is the desire of the Board to establish and fix the number of shares to be included in a new series of Preferred Stock and the designations, rights, preferences, powers, restrictions, and limitations of the shares of such new series.

NOW, THEREFORE, BE IT RESOLVED, that the Board does hereby provide authority for the Corporation to issue and designate one thousand six hundred (1,600) shares of the Preferred Stock to be known as “Series D Preferred Stock” (each such share, a “Series D Preferred Share” and collectively, the “Series D Preferred Shares”) and does hereby in this Certificate of Designation (this “Certificate of Designation”) establish and fix and herein state and express the designations, rights, preferences, powers, restrictions, and limitations of such Series D Preferred Shares as follows:

Section 1. General Matters; Ranking.

1.01 The Corporation may, without notice to or consent of the Holders of the then outstanding Series D Preferred Shares, authorize and issue additional Series D Preferred Stock by filing an amendment to this Certificate of Designation with respect to such additional shares.

1.02 Each Series D Preferred Share shall be identical in all respects to every other Series D Preferred Share. The Series D Preferred Shares, with respect to dividend rights and distribution rights upon the liquidation, winding-up or dissolution of the Corporation, shall rank senior to any Junior Securities.

1.03 The Series D Preferred Shares that are redeemed or otherwise acquired by the Corporation pursuant to this Certificate of Designation shall be cancelled and shall resume the status of authorized but unissued Preferred Stock of the Corporation, undesignated as to series.

Section 2. Standard Definitions.

As used herein with respect to the Series D Preferred Shares:

“Bylaws” means the Amended and Restated Bylaws of the Corporation, as they may be amended or restated from time to time.

“Common Stock” means the common stock, no par value, of the Corporation.

“Dividend Payment Date” means the 30th of each of March, June, September and December beginning on June 30, 2026.

“Exchange Agreement” means that certain Exchange Agreement, dated as of May 11, 2026, which shall be incorporated by reference into this Certificate of Designation.

“Fundamental Transaction” means any event pursuant to which (a) the Corporation and its subsidiaries effects (i) any merger of the Corporation with (but not into) another Person, in which shareholders of the Corporation immediately prior to such transaction own less than a majority of the outstanding stock of the surviving entity, or (ii) any merger or consolidation of the Corporation into another Person, (b) the Corporation effects any sale of thirty-five percent (35%) or more, on a consolidated basis, of the Corporation’s and its subsidiaries’ assets, (c) any tender offer or exchange offer approved or authorized by the Corporation’s Board of Directors is completed pursuant to which holders of at least a majority of the outstanding Common Stock tender or exchange their shares for other securities, cash or property, or (d) the Corporation effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property.

“Holder” means each Person in whose name any Series D Preferred Share is registered, who shall be treated by the Corporation as the absolute owner of such share of the Series D Preferred Stock for all purposes under this Certificate of Designation.

“Initial Issue Date” means May 11, 2026, the original issue date of the Series D Preferred Shares.

“Junior Securities” means collectively, the Common Stock, the Series C Preferred Stock of the Corporation and each other class or series of capital stock of the Corporation, now existing or hereafter authorized, classified or reclassified, the terms of which do not expressly provide that such class or series ranks on a parity basis with or senior to the Series D Preferred Stock as to dividend rights and rights on the distribution of assets on any Liquidation Event.

“Liquidation Event” means a liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary.

“Maturity Date” means April 2, 2028.

“Parity Securities” means any equity security of the Corporation issued after the Initial Issue Date with terms specifically providing that such equity security ranks on a parity with the Series D Preferred Shares with respect to rights to the payment of dividends and/or distributions upon the liquidation, winding-up and dissolution of the Corporation’s affairs, as applicable.

“Person” means any individual, partnership, firm, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of any kind.

“Preferred Stock” means the preferred stock of the Corporation.

“Series D Issue Price” means \$5,000 per share of Series D Preferred Stock.

“Series D Preferred Shares” shall have the meaning set forth in the recitals hereto.

Section 3. Dividends.

3.01 General Obligation. The Holders of the Series D Preferred Shares shall be entitled to receive quarterly dividends, payable in cash, on each Dividend Payment Date, out of funds legally available therefor, from the Initial Issue Date and until the Maturity Date, at the annualized rate per share equal to fifteen percent (15.0%) per annum on each share of Series D Preferred Shares (the “Series D Dividend”).

3.02 Preferential Payments to Holders of Series D Preferred Shares. No dividend shall be declared or paid or set apart for payment on any Junior Securities (other than a dividend payable solely in Junior Securities) unless

the Series D Dividend has been or contemporaneously is being paid or declared and set aside for payment on all outstanding Series D Preferred Shares.

Section 4. Liquidation Preference.

4.01 Liquidation Preference. In the event of any Liquidation Event, after the satisfaction in full of the debts of the Corporation and the payment of any liquidation preference owed to the holders of shares of capital stock of the Corporation ranking senior to the Series D Preferred Shares, the Corporation shall pay, pari passu with the holders of any Parity Securities by reason of their ownership thereof, but before any distribution or payment out of the assets of the Corporation shall be made to the holders of Junior Securities by reason of their ownership thereof, an amount in cash per share equal to the Series D Issue Price.

Section 5. Redemptions.

5.01 Optional Redemption. The Corporation shall solely have the right at any time on or after the Initial Issue Date and up to the Maturity Date, by 10 days' advance written notice to each of the Holders, to redeem, at its option, in whole or in part, the Series D Preferred Shares (the "Optional Redemption"). Any such Optional Redemption shall be effected only out of funds legally available for such purpose. The Corporation may undertake multiple partial redemptions. Any redemption of the Series D Preferred Shares shall occur on a date set by the Corporation, subject to limitations contained in the first sentence of this Section 5.01 (the "Optional Redemption Date"), at an amount per share equal to the Series D Issue Price. The Series D Preferred Shares may be redeemed pro rata (unless otherwise agreed upon in writing by each Holder of Series D Preferred Shares), pursuant to Section 5.07.

5.02 Maturity Date. On the Maturity Date, any outstanding shares of the Series D Preferred Shares shall be redeemed by the Corporation at an amount per share equal to the Series D Issue Price.

5.03 Redemption upon a Fundamental Transaction. Upon the consummation of a Fundamental Transaction, any outstanding shares of the Series D Preferred Shares shall be redeemed by the Corporation, but only out of funds legally available, at an amount per share equal to the Series D Issue Price.

5.04 Redemption Notice. The Corporation shall give written notice of redemption pursuant to either Section 5.01 or Section 5.02, as applicable (such notice, the "Redemption Notice") to each Holder of Series D Preferred Shares not less than ten (10) days and not more than sixty (60) days prior to the Optional Redemption Date or the Maturity Date, as applicable. Such Redemption Notice shall state:

(a) the date upon which the redemption will occur;

(b) the number of shares of Series D Preferred Stock held by the Holder that the Corporation shall redeem on the Optional Redemption Date or on the Maturity Date, as applicable;

(c) the Series D Issue Price; and

(d) that the Holder is to surrender to the Corporation, in the manner and the place reasonably designated by the Corporation, the Holder's certificates representing the Series D Preferred Shares to be redeemed.

5.05 Surrender of Certificates; Payment. On the Maturity Date or prior to the Maturity Date, on the Optional Redemption Date, as applicable, each Holder of outstanding Series D Preferred Shares shall surrender the certificate or certificates representing such shares (or, if such registered Holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement (without bond) reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place reasonably designated by the Corporation, and thereupon the Series D Issue Price for such shares shall be payable to the order of the Person whose name appears on such certificate or certificates as the owner thereof. If fewer than all shares

represented by any such certificate are redeemed pursuant to an Optional Redemption, the Corporation shall issue a new certificate to the Holder thereof representing the shares not so redeemed.

5.06 Rights Subsequent to Redemption. Any Series D Preferred Shares that are redeemed or otherwise acquired by the Corporation shall be automatically cancelled and shall resume the status of authorized but unissued shares of Preferred Stock and shall no longer be designated as Series D Preferred Stock.

5.07 Pro Rata Redemption. In the event that at any time fewer than all of the outstanding shares of Series D Preferred Stock are to be redeemed pursuant to Section 5.01, the redemption shall be made pro rata among all Holders of Series D Preferred Stock in proportion to the number of shares of Series D Preferred Stock then held by them, unless otherwise agreed upon by each Holder of Series D Preferred Stock.

Section 6. Voting Rights.

6.01 General. Holders of record of the Series D Preferred Stock, as such, will have no voting rights, except as required herein and by the MBCA. On any matter on which Holders are required to vote pursuant to the MBCA, such Holders will be entitled to one vote per share of Series D Preferred Stock. However, as long as any shares of the Series D Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Series D Preferred Stock, (i) alter, amend or modify the preferences, privileges or rights of the Series D Preferred Stock, (ii) alter or amend this Certificate of Designation, or (iii) file any certificate of amendment or certificate of designation of preferences, limitations and relative rights of any series of the Series D Preferred Stock, if such action would adversely alter or change the powers, preferences or rights of the Series D Preferred Stock in a manner materially different than the effect of such actions on the Common Stock (regardless, in the case of clause (i), (ii) or (iii), of whether any of the foregoing actions shall be by means of amendment to the Articles of Incorporation of the Corporation or by merger, consolidation or otherwise).

6.02 Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the Holders (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other procedural aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Articles of Incorporation, the Bylaws, and applicable law.

Section 7. Miscellaneous.

7.01 No Conversion Rights. The Series D Preferred Shares shall not be convertible into any other series or class of capital stock of the Corporation by the Holder or the Corporation.

7.02 Book-Entry; Certificates. The Series D Preferred Stock will be issued in book-entry form; provided that, if a Holder requests that such Holder's shares of the Series D Preferred Stock be issued in certificated form, the Corporation will instead issue a stock certificate to such Holder representing such Holder's shares of the Series D Preferred Stock. To the extent that any shares of the Series D Preferred Stock are issued in book-entry form, references herein to "certificates" shall instead refer to the book-entry notation relating to such shares.

7.03 Exclusion of Other Rights. Except as may otherwise be required by law, the Series D Preferred Shares shall not have any preferences and relative, participating, optional or other special rights, other than those specifically set forth in this Certificate of Designation, inclusive of those preferences and relative, participating, optional or other special rights set forth in the Exchange Agreement and incorporated herein by reference.

7.04 Registration of Transfer. The Corporation shall keep at its principal office a register for the registration of Series D Preferred Shares. Upon the surrender of any certificate representing Series D Preferred Stock at such place, the Corporation shall, at the request of the record Holder of such certificate, execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefor representing in the aggregate the number of Series D Preferred Shares represented by the surrendered certificate. Each such new certificate shall be registered in such name and shall represent such number of Series D Preferred Shares as is requested by the Holder

of the surrendered certificate and shall be substantially identical in form to the surrendered certificate, and dividends shall accrue on the Series D Preferred Shares represented by such new certificate from the date on which dividends have been fully paid on such Series D Preferred Shares represented by the surrendered certificate.

7.05 Record Holders. To the fullest extent permitted by applicable law, the Corporation may deem and treat the Holder of any Series D Preferred Shares as the true and lawful owner thereof for all purposes.

7.06 Notices. The Corporation shall send all notices or communications to Holders of the Series D Preferred Shares pursuant to this Certificate of Designation in writing by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery, to the Holders' respective addresses shown on the register for the Series D Preferred Shares.

7.07 No Preemptive Rights or Sinking Fund. The Holders will not be entitled to any preemptive or similar rights and will not have the benefit of any sinking fund.

7.08 Severability. If any portion of this Certificate of Designation shall be declared void or unenforceable by any court or administrative body of competent jurisdiction, such portion shall be deemed severable from the remainder of this Certificate of Designation, which shall continue in all respects valid and enforceable.

[Signature page follows]

EXCHANGE AGREEMENT

THIS EXCHANGE AGREEMENT (this "Agreement"), effective as of May 11, 2026, by and between Presurance Holdings, Inc., a Michigan corporation (the "Company") and Clarkston Companies, Inc., a Michigan corporation (the "Shareholder").

RECITALS

WHEREAS, pursuant to that Securities Purchase Agreement, dated December 23, 2025, by and between the Company and the Shareholder, the Shareholder acquired one thousand six hundred (1,600) shares of Series C Preferred Stock of the Company, no par value per share (the "Series C Preferred Stock");

WHEREAS, immediately prior to the effectiveness of this Agreement, the Shareholder owned 1,600 shares of Series C Preferred Stock;

WHEREAS, on May 11, 2026, the Company has filed with the Michigan Department of Licensing and Regulatory Affairs that certain Certificate of Designation of Series D Preferred Stock (as the same may be amended, restated, modified, or supplemented from time to time, the "Certificate of Designation"); and

WHEREAS, the Company and the Shareholder wish to exchange the shares of Series C Preferred Stock held by the Shareholder for shares of Series D Preferred Stock (the "Series D Preferred Stock"), as defined in the Certificate of Designation.

NOW, THEREFORE, in consideration of the promises, covenants and conditions contained in this Agreement, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Exchange. Subject to the terms and conditions set forth herein, the Shareholder is hereby exchanging, and the Company is accepting for exchange, the Series C Preferred Stock and the Shareholder is receiving in exchange, and the Company is issuing to the Shareholder, the Series D Preferred Stock, such that immediately following the exchange contemplated in this Agreement the Shareholder shall own 1,600 shares of Series D Preferred Stock, with a total of 1,600 shares of Series D Preferred Stock outstanding.

2. Certificates. Upon the execution of this Agreement, the Shareholder shall deliver to the Company for cancellation stock certificates (if certificated) evidencing the Series C Preferred Stock, free and clear of all liens, duly endorsed in blank or accompanied by a stock transfer power (in the form attached as Exhibit A hereto) and, in exchange therefor, the Company shall deliver to the Shareholder stock certificates (if certificated) evidencing the Series D Preferred Stock.

3. Representations and Warranties of the Shareholder. The Shareholder hereby represents and warrants that (i) it has duly executed and delivered this Agreement; (ii) all actions required to be taken by or on behalf of the Shareholder to authorize it to execute, deliver and perform its obligations hereunder have been taken and this Agreement constitutes the Shareholder's legal, valid and binding obligation, enforceable against the Shareholder in accordance with the terms hereof; (iii) the execution and delivery of this Agreement and the consummation by the Shareholder of the transactions contemplated hereby in the manner contemplated hereby do not and will not conflict with, or result in a breach of any terms of, or constitute a default under, any agreement or instrument or any statute, law, rule or regulation, or any judgment, decree, writ, injunction, order or award of any arbitrator, court or governmental authority which is applicable to the Shareholder or by which the Shareholder or any material portion of its properties is bound; and (iv) it owns the Series C Preferred Stock free and clear of all liens and has not previously transferred all or any portion of, or any right to, the Series C Preferred Stock to any other party.

4. Expenses. All costs and expenses incurred in connection with this Agreement and the

transactions contemplated hereby shall be paid by the party incurring such cost or expense.

5. Survival. The representations and warranties set out in Section 3 and the covenant set out in Section 4 shall survive the execution of this Agreement.

6. Miscellaneous.

(a) Further Assurances. Each party hereto shall execute and deliver such further instruments of transfer and take such additional actions as any other party may reasonably request to effect, consummate, confirm or evidence the transactions described in this Agreement.

(b) Entire Agreement. This Agreement, together with all related exhibits and schedules, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

(c) Amendment and Modification. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

(d) Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(e) Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

(f) Assignment. No party to this Agreement may assign any rights or delegate any obligations under this Agreement without the prior written consent of each party hereto. Any purported assignment or delegation in violation of this Section shall be null and void.

(g) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Michigan without giving effect to any choice or conflict of law provision or rule (whether of the State of Michigan or any other jurisdiction).

(i) Waiver of Jury Trial. THE PARTIES TO THIS AGREEMENT EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO (INCLUDING ANY DEBT FINANCING), IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. THE PARTIES TO THIS AGREEMENT EACH HEREBY

AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATION OF THIS WAIVER, (III) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (IV) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS HEREIN.

(j) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

(k) Tax Treatment. The Shareholder and the Company intend, for income tax purposes, for the transactions contemplated by this Agreement to qualify as a reorganization under Section 368(a)(1)(E) of the Internal Revenue Code of 1986, as amended (the "Intended Tax Treatment"). The parties agree to prepare and file all tax returns in a manner consistent with the Intended Tax Treatment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Exchange Agreement to be executed as of the date first written above.

COMPANY:

PRESURANCE HOLDINGS, INC.

By: /s/ Brian J. Roney

Name: Brian J. Roney

Title: Chief Executive Officer

SHAREHOLDER:

CLARKSTON COMPANIES, INC.

By: /s/ Jeffrey A. Hakala

Name: Jeffrey A. Hakala

Title: Chief Executive Officer

Exhibit A

(See attached.)

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IRREVOCABLE STOCK POWER

FOR VALUE RECEIVED, the undersigned ("Assignor"), hereby sells, assigns and transfers to Presurance Holdings, Inc., a Michigan corporation (the "Company"), 1,600 shares of Series C Preferred Stock, no par value (the "Shares"), of the Company, standing in Assignor's name on the books of the Company, and does hereby appoint any officer or director of the Company as Assignor's attorney-in-fact, with full power of substitution, to transfer the Shares and to take all necessary and appropriate action to effect such transfer.

Date: May 11, 2026

SHAREHOLDER:

CLARKSTON COMPANIES, INC.

By: /s/ Jeffrey A. Hakala

Name: Jeffrey A. Hakala

Title: Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S 302 CERTIFICATION

I, Brian J. Roney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Presurance Holdings, Inc. for the quarterly period ended March 31, 2026;
 2. Based on my knowledge, this report 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 report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
-

Date: May 13, 2026

/s/ Brian J. Roney

Brian J. Roney

Chief Executive Officer
(principal executive officer)

CHIEF FINANCIAL OFFICER'S 302 CERTIFICATION

I, Harold J. Meloche, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Presurance Holdings, Inc. for the quarterly period ended March 31, 2026;
 2. Based on my knowledge, this report 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 report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
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Date: May 13, 2026

/s/ Harold J. Meloche

Harold J. Meloche

Chief Financial Officer
(principal financial officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Presurance Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian J. Roney, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2026

/s/ Brian J. Roney

Brian J. Roney

Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Presurance Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harold J. Meloche, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2026

/s/ Harold J. Meloche

Harold J. Meloche

Chief Financial Officer
