



## Palomar Holdings, Inc. Reports Third Quarter 2023 Results

November 1, 2023

LA JOLLA, Calif., Nov. 01, 2023 (GLOBE NEWSWIRE) -- Palomar Holdings, Inc. (NASDAQ:PLMR) ("Palomar" or "Company") reported net income of \$18.4 million, or \$0.73 per diluted share, for the third quarter of 2023 compared to net income of \$4.3 million, or \$0.17 per diluted share, for the third quarter of 2022. Adjusted net income<sup>(1)</sup> was \$23.3 million, or \$0.92 per diluted share, for the third quarter of 2023 as compared to \$9.2 million, or \$0.36 per diluted share, for the third quarter of 2022. Effective December 31, 2022, the Company adjusts for net realized and unrealized gains and losses when calculating and presenting adjusted net income, diluted adjusted earnings per share, and adjusted return on equity. All prior period amounts have been adjusted accordingly.

### Third Quarter 2023 Highlights

- Gross written premiums increased by 24.0% to \$314.0 million compared to \$253.1 million in the third quarter of 2022
- Net income of \$18.4 million, compared to \$4.3 million in the third quarter of 2022
- Adjusted net income<sup>(1)</sup> of \$23.3 million, compared to \$9.2 million in the third quarter of 2022
- Total loss ratio of 18.8% compared to 39.6% in the third quarter of 2022
- Combined ratio of 75.8% compared to 94.8% in the third quarter of 2022
- Adjusted combined ratio<sup>(1)</sup> of 70.9%, compared to 90.3%, in the third quarter of 2022
- Annualized return on equity of 17.7%, compared to 4.6% in the third quarter of 2022
- Annualized adjusted return on equity<sup>(1)</sup> of 22.3%, compared to 9.9% in the third quarter of 2022

*(1) See discussion of "Non-GAAP and Key Performance Indicators" below.*

Mac Armstrong, Chairman and Chief Executive Officer, commented, "We are very pleased with our strong third quarter. The results included record quarterly gross written premium, adjusted net income growth of 153%, and an adjusted return on equity of 22.3%. Our concerted effort over the last several years to reduce the volatility in our book of business and earnings base was also on full display in the third quarter as we incurred negligible loss from catastrophes despite elevated activity across the industry. The execution of our Palomar 2X strategic plan during the quarter instills a high level of confidence that Palomar will produce consistent profitable growth in the quarters and years ahead."

Mr. Armstrong continued, "In addition to the strong underwriting results, we also continued to invest in growth across the organization. Beyond growing gross written premium 24% year-over-year, during the quarter we hired an experienced leader to build an Environmental practice, wrote our first Crop premium, and established new fronting partnerships. Overall, we continue to dedicate our capital and resources towards targeted segments of our book of business that maximize our risk-adjusted returns."

### Underwriting Results

Gross written premiums increased 24.0% to \$314.0 million compared to \$253.1 million in the third quarter of 2022, while net earned premiums increased 10.1% compared to the prior year's third quarter. Excluding de-emphasized lines of business, gross written premiums increased 30.6% in the third quarter.

Losses and loss adjustment expenses for the third quarter were \$16.1 million, comprised of \$16.7 million of non-catastrophe attritional losses, offset by \$0.5 million of favorable catastrophe development from prior periods. The loss ratio for the quarter was 18.8%, comprised of a catastrophe loss ratio<sup>(1)</sup> of -0.6% and an attritional loss ratio of 19.4%, compared to a loss ratio of 39.6% during the same period last year comprised of a catastrophe loss ratio<sup>(1)</sup> of 16.0% and attritional loss ratio of 23.6%.

Underwriting income<sup>(1)</sup> for the third quarter was \$20.7 million resulting in a combined ratio of 75.8% compared to underwriting income of \$4.1 million resulting in a combined ratio of 94.8% during the same period last year. The Company's adjusted underwriting income <sup>(1)</sup> was \$25.0 million resulting in an adjusted combined ratio<sup>(1)</sup> of 70.9% in the third quarter compared to adjusted underwriting income<sup>(1)</sup> of \$7.5 million and an adjusted combined ratio<sup>(1)</sup> of 90.3% during the same period last year.

### Investment Results

Net investment income increased by 61.0% to \$6.0 million compared to \$3.7 million in the prior year's third quarter. The increase was primarily due to higher yields on invested assets and a higher average balance of investments held during the three months ended September 30, 2023 due to cash generated from operations. The weighted average duration of the fixed-maturity investment portfolio, including cash equivalents, was 3.61 years at September 30, 2023. Cash and invested assets totaled \$688.0 million at September 30, 2023. During the third quarter, the Company recorded net realized and unrealized losses of \$1.4 million related to its investment portfolio as compared to net realized and unrealized losses of \$2.4 million in last year's third quarter.

### Tax Rate

The effective tax rate for the three months ended September 30, 2023 was 24.9% compared to 17.5% for the three months ended September 30,

2022. For the current quarter, the Company's income tax rate differed from the statutory rate due primarily to the non-deductible executive compensation expense.

### **Stockholders' Equity and Returns**

Stockholders' equity was \$421.3 million at September 30, 2023, compared to \$367.8 million at September 30, 2022. For the three months ended September 30, 2023, the Company's annualized return on equity was 17.7% compared to 4.6% for the same period in the prior year while adjusted return on equity<sup>(1)</sup> was 22.3% compared to 9.9% for the same period in the prior year. During the current quarter, the Company repurchased 117,739 shares for \$6.6 million pursuant to the Company's previously announced \$100 million share repurchase authorization. As of September 30, 2023, \$43.5 million remains available for future repurchases.

### **Full Year 2023 Outlook**

For the full year 2023, the Company expects to achieve adjusted net income of \$90 million to \$93 million. This includes \$3.4 million of catastrophe losses incurred during the nine months ended September 30, 2023.

### **Conference Call**

As previously announced, Palomar will host a conference call Thursday November 2, 2023, to discuss its third quarter 2023 results at 12:00 p.m. (Eastern Time). The conference call can be accessed live by dialing 1-877-423-9813 or for international callers, 1-201-689-8573, and requesting to be joined to the Palomar Third Quarter 2023 Earnings Conference Call. A replay will be available starting at 4:00 p.m. (Eastern Time) on November 2, 2023, and can be accessed by dialing 1-844-512-2921, or for international callers, 1-412-317-6671. The passcode for the replay is 13737957. The replay will be available until 11:59 p.m. (Eastern Time) on November 9, 2023.

Interested investors and other parties may also listen to a simultaneous webcast of the conference call by logging onto the investor relations section of the Company's website at <http://ir.palomarspecialty.com/>. The online replay will remain available for a limited time beginning immediately following the call.

### **About Palomar Holdings, Inc.**

Palomar Holdings, Inc. is the holding company of subsidiaries Palomar Specialty Insurance Company ("PSIC"), Palomar Specialty Reinsurance Company Bermuda Ltd., Palomar Insurance Agency, Inc., Palomar Excess and Surplus Insurance Company ("PESIC"), and Palomar Underwriters Exchange Organization, Inc. Palomar is an innovative insurer serving residential and commercial clients in specialty markets including the market for earthquake insurance. Palomar's insurance subsidiaries, Palomar Specialty Insurance Company, Palomar Specialty Reinsurance Company Bermuda Ltd., and Palomar Excess and Surplus Insurance Company, have a financial strength rating of "A-" (Excellent) from A.M. Best.

To learn more, visit [PLMR.com](http://PLMR.com).

### **Non-GAAP and Key Performance Indicators**

Palomar discusses certain key performance indicators, described below, which provide useful information about the Company's business and the operational factors underlying the Company's financial performance.

*Underwriting revenue* is a non-GAAP financial measure defined as total revenue, excluding net investment income and net realized and unrealized gains and losses on investments. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of total revenue calculated in accordance with GAAP to underwriting revenue.

*Underwriting income* is a non-GAAP financial measure defined as income before income taxes excluding net investment income, net realized and unrealized gains and losses on investments, and interest expense. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of income before income taxes calculated in accordance with GAAP to underwriting income.

*Adjusted net income* is a non-GAAP financial measure defined as net income excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook, net of tax impact. Palomar calculates the tax impact only on adjustments which would be included in calculating the Company's income tax expense using the estimated tax rate at which the company received a deduction for these adjustments. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of net income calculated in accordance with GAAP to adjusted net income.

*Annualized Return on equity* is net income expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period.

*Annualized adjusted return on equity* is a non-GAAP financial measure defined as adjusted net income expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of return on equity calculated using unadjusted GAAP numbers to adjusted return on equity.

*Loss ratio*, expressed as a percentage, is the ratio of losses and loss adjustment expenses, to net earned premiums.

*Expense ratio*, expressed as a percentage, is the ratio of acquisition and other underwriting expenses, net of commission and other income to net earned premiums.

*Combined ratio* is defined as the sum of the loss ratio and the expense ratio. A combined ratio under 100% generally indicates an underwriting profit. A combined ratio over 100% generally indicates an underwriting loss.

*Adjusted combined ratio* is a non-GAAP financial measure defined as the sum of the loss ratio and the expense ratio calculated excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of combined ratio calculated using unadjusted GAAP numbers to adjusted combined ratio.

*Diluted adjusted earnings per share* is a non-GAAP financial measure defined as adjusted net income divided by the weighted-average common shares outstanding for the period, reflecting the dilution which could occur if equity-based awards are converted into common share equivalents as calculated using the treasury stock method. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of diluted earnings per share calculated in accordance with GAAP to diluted adjusted earnings per share.

*Catastrophe loss ratio* is a non-GAAP financial measure defined as the ratio of catastrophe losses to net earned premiums. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of loss ratio calculated using unadjusted GAAP numbers to catastrophe loss ratio.

*Adjusted combined ratio excluding catastrophe losses* is a non-GAAP financial measure defined as adjusted combined ratio excluding the impact of catastrophe losses. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of combined ratio calculated using unadjusted GAAP numbers to adjusted combined ratio excluding catastrophe losses.

*Adjusted underwriting income* is a non-GAAP financial measure defined as underwriting income excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of income before income taxes calculated in accordance with GAAP to adjusted underwriting income.

*Tangible stockholders' equity* is a non-GAAP financial measure defined as stockholders' equity less goodwill and intangible assets. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of stockholders' equity calculated in accordance with GAAP to tangible stockholders' equity.

#### Safe Harbor Statement

Palomar cautions you that statements contained in this press release may regard matters that are not historical facts but are forward-looking statements. These statements are based on the company's current beliefs and expectations. The inclusion of forward-looking statements should not be regarded as a representation by Palomar that any of its plans will be achieved. Actual results may differ from those set forth in this press release due to the risks and uncertainties inherent in the Company's business. The forward-looking statements are typically, but not always, identified through use of the words "believe," "expect," "enable," "may," "will," "could," "intends," "estimate," "anticipate," "plan," "predict," "probable," "potential," "possible," "should," "continue," and other words of similar meaning. Actual results could differ materially from the expectations contained in forward-looking statements as a result of several factors, including unexpected expenditures and costs, unexpected results or delays in development and regulatory review, regulatory approval requirements, the frequency and severity of adverse events and competitive conditions. These and other factors that may result in differences are discussed in greater detail in the Company's filings with the Securities and Exchange Commission. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and the Company undertakes no obligation to update such statements to reflect events that occur or circumstances that exist after the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

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Source: Palomar Holdings, Inc.

#### Summary of Operating Results:

The following tables summarize the Company's results for the three and nine months ended September 30, 2023 and 2022:

|                                                                   | Three Months Ended                       |                 |                  |           |
|-------------------------------------------------------------------|------------------------------------------|-----------------|------------------|-----------|
|                                                                   | September 30,                            |                 |                  |           |
|                                                                   | 2023                                     | 2022            | Change           | % Change  |
|                                                                   | (\$ in thousands, except per share data) |                 |                  |           |
| Gross written premiums                                            | \$ 313,998                               | \$ 253,128      | \$ 60,870        | 24.0 %    |
| Ceded written premiums                                            | (203,336 )                               | (161,930 )      | (41,406 )        | 25.6 %    |
| Net written premiums                                              | 110,662                                  | 91,198          | 19,464           | 21.3 %    |
| Net earned premiums                                               | 85,817                                   | 77,942          | 7,875            | 10.1 %    |
| Commission and other income                                       | 465                                      | 1,362           | (897 )           | (65.9 )%  |
| Total underwriting revenue <sup>(1)</sup>                         | 86,282                                   | 79,304          | 6,978            | 8.8 %     |
| Losses and loss adjustment expenses                               | 16,139                                   | 30,900          | (14,761 )        | (47.8 )%  |
| Acquisition expenses, net of ceding commissions and fronting fees | 27,004                                   | 27,210          | (206 )           | (0.8 )%   |
| Other underwriting expenses                                       | 22,390                                   | 17,114          | 5,276            | 30.8 %    |
| Underwriting income <sup>(1)</sup>                                | 20,749                                   | 4,080           | 16,669           | NM        |
| Interest expense                                                  | (867 )                                   | (270 )          | (597 )           | 221.1 %   |
| Net investment income                                             | 6,029                                    | 3,744           | 2,285            | 61.0 %    |
| Net realized and unrealized losses on investments                 | (1,376 )                                 | (2,356 )        | 980              | (41.6 )%  |
| Income before income taxes                                        | 24,535                                   | 5,198           | 19,337           | NM        |
| Income tax expense                                                | 6,103                                    | 912             | 5,191            | NM        |
| <b>Net income</b>                                                 | <b>\$ 18,432</b>                         | <b>\$ 4,286</b> | <b>\$ 14,146</b> | <b>NM</b> |
| Adjustments:                                                      |                                          |                 |                  |           |

|                                                                     |                  |                 |                  |               |
|---------------------------------------------------------------------|------------------|-----------------|------------------|---------------|
| Net realized and unrealized losses on investments <sup>(2)</sup>    | 1,376            | 2,356           | (980)            | (41.6)%       |
| Expenses associated with transactions                               | 229              | 45              | 184              | NM            |
| Stock-based compensation expense                                    | 3,589            | 3,092           | 497              | 16.1%         |
| Amortization of intangibles                                         | 390              | 313             | 77               | 24.6%         |
| Tax impact                                                          | (725)            | (871)           | 146              | (16.8)%       |
| <b>Adjusted net income<sup>(1)(2)</sup></b>                         | <b>\$ 23,291</b> | <b>\$ 9,221</b> | <b>\$ 14,070</b> | <b>152.6%</b> |
| Key Financial and Operating Metrics                                 |                  |                 |                  |               |
| Annualized return on equity                                         | 17.7%            | 4.6%            |                  |               |
| Annualized adjusted return on equity <sup>(1)</sup>                 | 22.3%            | 9.9%            |                  |               |
| Loss ratio                                                          | 18.8%            | 39.6%           |                  |               |
| Expense ratio                                                       | 57.0%            | 55.1%           |                  |               |
| Combined ratio                                                      | 75.8%            | 94.8%           |                  |               |
| Adjusted combined ratio <sup>(1)</sup>                              | 70.9%            | 90.3%           |                  |               |
| Diluted earnings per share                                          | \$ 0.73          | \$ 0.17         |                  |               |
| Diluted adjusted earnings per share <sup>(1)</sup>                  | \$ 0.92          | \$ 0.36         |                  |               |
| Catastrophe losses                                                  | \$ (533)         | \$ 12,500       |                  |               |
| Catastrophe loss ratio <sup>(1)</sup>                               | (0.6)%           | 16.0%           |                  |               |
| Adjusted combined ratio excluding catastrophe losses <sup>(1)</sup> | 71.5%            | 74.3%           |                  |               |
| Adjusted underwriting income <sup>(1)</sup>                         | \$ 24,957        | \$ 7,530        | \$ 17,427        | 231.4%        |

NM- Not Meaningful

(1)- Indicates Non-GAAP financial measure- see above for definition of Non-GAAP financial measures and see below for reconciliation of Non-GAAP financial measures to their most directly comparable measures prepared in accordance with GAAP.

(2)- We now include the impact of net realized and unrealized losses and gains on investments as an adjustment to our net income. As this line is primarily driven by equity market fluctuations rather than our underlying business performance, we believe adding this adjustment provides a more meaningful comparison of our performance. We have also changed the prior year adjusted net income to conform to this presentation.

| Nine Months Ended<br>September 30,                                |                                          |                  |                  |              |
|-------------------------------------------------------------------|------------------------------------------|------------------|------------------|--------------|
|                                                                   | 2023                                     | 2022             | Change           | % Change     |
|                                                                   | (\$ in thousands, except per share data) |                  |                  |              |
| Gross written premiums                                            | \$ 838,406                               | \$ 642,751       | \$ 195,655       | 30.4%        |
| Ceded written premiums                                            | (542,789)                                | (374,109)        | (168,680)        | 45.1%        |
| Net written premiums                                              | 295,617                                  | 268,642          | 26,975           | 10.0%        |
| Net earned premiums                                               | 252,164                                  | 234,239          | 17,925           | 7.7%         |
| Commission and other income                                       | 1,781                                    | 3,129            | (1,348)          | (43.1)%      |
| Total underwriting revenue <sup>(1)</sup>                         | 253,945                                  | 237,368          | 16,577           | 7.0%         |
| Losses and loss adjustment expenses                               | 54,696                                   | 60,251           | (5,555)          | (9.2)%       |
| Acquisition expenses, net of ceding commissions and fronting fees | 78,740                                   | 83,928           | (5,188)          | (6.2)%       |
| Other underwriting expenses                                       | 63,962                                   | 51,233           | 12,729           | 24.8%        |
| Underwriting income <sup>(1)</sup>                                | 56,547                                   | 41,956           | 14,591           | 34.8%        |
| Interest expense                                                  | (2,952)                                  | (475)            | (2,477)          | NM           |
| Net investment income                                             | 16,690                                   | 9,462            | 7,228            | 76.4%        |
| Net realized and unrealized losses on investments                 | (103)                                    | (8,369)          | 8,266            | (98.8)%      |
| Income before income taxes                                        | 70,182                                   | 42,574           | 27,608           | 64.8%        |
| Income tax expense                                                | 16,877                                   | 9,163            | 7,714            | 84.2%        |
| <b>Net income</b>                                                 | <b>\$ 53,305</b>                         | <b>\$ 33,411</b> | <b>\$ 19,894</b> | <b>59.5%</b> |
| Adjustments:                                                      |                                          |                  |                  |              |
| Net realized and unrealized losses on investments <sup>(2)</sup>  | 103                                      | 8,369            | (8,266)          | (98.8)%      |
| Expenses associated with transactions                             | 229                                      | 130              | 99               | 76.2%        |
| Stock-based compensation expense                                  | 10,737                                   | 8,556            | 2,181            | 25.5%        |
| Amortization of intangibles                                       | 1,092                                    | 942              | 150              | 15.9%        |
| Expenses associated with catastrophe bond                         | 1,640                                    | 1,992            | (352)            | (17.7)%      |
| Tax impact                                                        | (1,582)                                  | (3,153)          | 1,571            | (49.8)%      |
| <b>Adjusted net income<sup>(1)(2)</sup></b>                       | <b>\$ 65,524</b>                         | <b>\$ 50,247</b> | <b>\$ 15,277</b> | <b>30.4%</b> |
| Key Financial and Operating Metrics                               |                                          |                  |                  |              |
| Annualized return on equity                                       | 17.6%                                    | 11.7%            |                  |              |

|                                                                     |    |        |    |        |                  |
|---------------------------------------------------------------------|----|--------|----|--------|------------------|
| Annualized adjusted return on equity <sup>(1)</sup>                 |    | 21.7 % |    | 17.6 % |                  |
| Loss ratio                                                          |    | 21.7 % |    | 25.7 % |                  |
| Expense ratio                                                       |    | 55.9 % |    | 56.4 % |                  |
| Combined ratio                                                      |    | 77.6 % |    | 82.1 % |                  |
| Adjusted combined ratio <sup>(1)</sup>                              |    | 72.1 % |    | 77.1 % |                  |
| Diluted earnings per share                                          | \$ | 2.10   | \$ | 1.29   |                  |
| Diluted adjusted earnings per share <sup>(1)</sup>                  | \$ | 2.59   | \$ | 1.95   |                  |
| Catastrophe losses                                                  | \$ | 3,432  | \$ | 13,529 |                  |
| Catastrophe loss ratio <sup>(1)</sup>                               |    | 1.4 %  |    | 5.8 %  |                  |
| Adjusted combined ratio excluding catastrophe losses <sup>(1)</sup> |    | 70.8 % |    | 71.4 % |                  |
| Adjusted underwriting income <sup>(1)</sup>                         | \$ | 70,245 | \$ | 53,576 | \$ 16,670 31.1 % |

*Condensed Consolidated Balance sheets*

**Palomar Holdings, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets (unaudited)**  
(in thousands, except shares and par value data)

|                                                                                                                                                                                       | September 30,<br>2023<br>(Unaudited) | December 31,<br>2022 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------|
| <b>Assets</b>                                                                                                                                                                         |                                      |                      |
| Investments:                                                                                                                                                                          |                                      |                      |
| Fixed maturity securities available for sale, at fair value (amortized cost: \$647,579 in 2023; \$561,580 in 2022)                                                                    | \$ 591,907                           | \$ 515,064           |
| Equity securities, at fair value (cost: \$43,002 in 2023; \$42,352 in 2022)                                                                                                           | 39,835                               | 38,576               |
| Equity method investment                                                                                                                                                              | 2,923                                | —                    |
| Total investments                                                                                                                                                                     | 634,665                              | 553,640              |
| Cash and cash equivalents                                                                                                                                                             | 53,026                               | 68,108               |
| Restricted cash                                                                                                                                                                       | 262                                  | 56                   |
| Accrued investment income                                                                                                                                                             | 4,864                                | 3,777                |
| Premiums receivable                                                                                                                                                                   | 242,082                              | 162,858              |
| Deferred policy acquisition costs, net of ceding commissions and fronting fees                                                                                                        | 58,967                               | 56,740               |
| Reinsurance recoverable on paid losses and loss adjustment expenses                                                                                                                   | 48,004                               | 39,718               |
| Reinsurance recoverable on unpaid losses and loss adjustment expenses                                                                                                                 | 232,170                              | 153,895              |
| Ceded unearned premiums                                                                                                                                                               | 259,760                              | 204,084              |
| Prepaid expenses and other assets                                                                                                                                                     | 65,753                               | 44,088               |
| Deferred tax assets, net                                                                                                                                                              | 13,643                               | 10,622               |
| Property and equipment, net                                                                                                                                                           | 433                                  | 603                  |
| Goodwill and intangible assets, net                                                                                                                                                   | 12,705                               | 8,261                |
| Total assets                                                                                                                                                                          | \$ 1,626,334                         | \$ 1,306,450         |
| <b>Liabilities and stockholders' equity</b>                                                                                                                                           |                                      |                      |
| Liabilities:                                                                                                                                                                          |                                      |                      |
| Accounts payable and other accrued liabilities                                                                                                                                        | \$ 32,532                            | \$ 25,760            |
| Reserve for losses and loss adjustment expenses                                                                                                                                       | 324,348                              | 231,415              |
| Unearned premiums                                                                                                                                                                     | 570,453                              | 471,314              |
| Ceded premium payable                                                                                                                                                                 | 211,025                              | 146,127              |
| Funds held under reinsurance treaty                                                                                                                                                   | 14,042                               | 10,680               |
| Borrowings from credit agreements                                                                                                                                                     | 52,600                               | 36,400               |
| Total liabilities                                                                                                                                                                     | 1,205,000                            | 921,696              |
| Stockholders' equity:                                                                                                                                                                 |                                      |                      |
| Preferred stock, \$0.0001 par value, 5,000,000 shares authorized, 0 shares issued and outstanding as of September 30, 2023 and December 31, 2022                                      | —                                    | —                    |
| Common stock, \$0.0001 par value, 500,000,000 shares authorized, 24,730,885 and 25,027,467 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively | 3                                    | 3                    |
| Additional paid-in capital                                                                                                                                                            | 345,673                              | 333,558              |
| Accumulated other comprehensive loss                                                                                                                                                  | (43,221)                             | (36,515)             |
| Retained earnings                                                                                                                                                                     | 118,879                              | 87,708               |
| Total stockholders' equity                                                                                                                                                            | 421,334                              | 384,754              |
| Total liabilities and stockholders' equity                                                                                                                                            | \$ 1,626,334                         | \$ 1,306,450         |

Condensed Consolidated Income Statement

**Palomar Holdings, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Income and Comprehensive Income (loss) (Unaudited)**  
(in thousands, except shares and per share data)

|                                                                   | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|-------------------------------------------------------------------|-------------------------------------|-------------|------------------------------------|-------------|
|                                                                   | 2023                                | 2022        | 2023                               | 2022        |
| <b>Revenues:</b>                                                  |                                     |             |                                    |             |
| Gross written premiums                                            | \$ 313,998                          | \$ 253,128  | \$ 838,406                         | \$ 642,751  |
| Ceded written premiums                                            | (203,336)                           | (161,930)   | (542,789)                          | (374,109)   |
| Net written premiums                                              | 110,662                             | 91,198      | 295,617                            | 268,642     |
| Change in unearned premiums                                       | (24,845)                            | (13,256)    | (43,453)                           | (34,403)    |
| Net earned premiums                                               | 85,817                              | 77,942      | 252,164                            | 234,239     |
| Net investment income                                             | 6,029                               | 3,744       | 16,690                             | 9,462       |
| Net realized and unrealized losses on investments                 | (1,376)                             | (2,356)     | (103)                              | (8,369)     |
| Commission and other income                                       | 465                                 | 1,362       | 1,781                              | 3,129       |
| Total revenues                                                    | 90,935                              | 80,692      | 270,532                            | 238,461     |
| <b>Expenses:</b>                                                  |                                     |             |                                    |             |
| Losses and loss adjustment expenses                               | 16,139                              | 30,900      | 54,696                             | 60,251      |
| Acquisition expenses, net of ceding commissions and fronting fees | 27,004                              | 27,210      | 78,740                             | 83,928      |
| Other underwriting expenses                                       | 22,390                              | 17,114      | 63,962                             | 51,233      |
| Interest expense                                                  | 867                                 | 270         | 2,952                              | 475         |
| Total expenses                                                    | 66,400                              | 75,494      | 200,350                            | 195,887     |
| Income before income taxes                                        | 24,535                              | 5,198       | 70,182                             | 42,574      |
| Income tax expense                                                | 6,103                               | 912         | 16,877                             | 9,163       |
| Net income                                                        | 18,432                              | 4,286       | 53,305                             | 33,411      |
| <b>Other comprehensive income (loss), net:</b>                    |                                     |             |                                    |             |
| Net unrealized losses on securities available for sale            | (8,494)                             | (15,412)    | (6,706)                            | (47,941)    |
| Net comprehensive income (loss)                                   | \$ 9,938                            | \$ (11,126) | \$ 46,599                          | \$ (14,530) |
| <b>Per Share Data:</b>                                            |                                     |             |                                    |             |
| Basic earnings per share                                          | \$ 0.75                             | \$ 0.17     | \$ 2.15                            | \$ 1.32     |
| Diluted earnings per share                                        | \$ 0.73                             | \$ 0.17     | \$ 2.10                            | \$ 1.29     |
| Weighted-average common shares outstanding:                       |                                     |             |                                    |             |
| Basic                                                             | 24,740,455                          | 25,209,368  | 24,847,164                         | 25,258,333  |
| Diluted                                                           | 25,244,828                          | 25,787,625  | 25,340,602                         | 25,808,387  |

Underwriting Segment Data

The Company has a single reportable segment and offers primarily property and casualty insurance products. Gross written premiums (GWP) by product, location and company are presented below:

| Product                      | Three Months Ended September 30, |          |            |          |           |          |
|------------------------------|----------------------------------|----------|------------|----------|-----------|----------|
|                              | 2023                             |          |            | 2022     |           |          |
|                              | (\$ in thousands)                |          |            |          |           |          |
|                              | Amount                           | % of GWP | Amount     | % of GWP | Change    | % Change |
| Fronting Premiums            | \$ 106,581                       | 33.9 %   | \$ 82,232  | 32.5 %   | \$ 24,349 | 29.6 %   |
| Residential Earthquake       | 69,220                           | 22.0 %   | 59,569     | 23.5 %   | 9,651     | 16.2 %   |
| Commercial Earthquake        | 44,166                           | 14.1 %   | 32,647     | 12.9 %   | 11,519    | 35.3 %   |
| Inland Marine                | 37,252                           | 11.9 %   | 30,842     | 12.2 %   | 6,410     | 20.8 %   |
| Casualty                     | 20,165                           | 6.4 %    | 12,888     | 5.1 %    | 7,277     | 56.5 %   |
| Hawaii Hurricane             | 11,051                           | 3.5 %    | 9,425      | 3.7 %    | 1,626     | 17.3 %   |
| Commercial All Risk          | 6,624                            | 2.1 %    | 9,224      | 3.6 %    | (2,600 )  | (28.2 )% |
| Residential Flood            | 5,259                            | 1.7 %    | 3,871      | 1.5 %    | 1,388     | 35.9 %   |
| Other                        | 13,680                           | 4.4 %    | 12,430     | 5.0 %    | 1,250     | 10.1 %   |
| Total Gross Written Premiums | \$ 313,998                       | 100.0 %  | \$ 253,128 | 100.0 %  | \$ 60,870 | 24.0 %   |

| Product                      | Nine Months Ended September 30, |          |            |          |            |          |
|------------------------------|---------------------------------|----------|------------|----------|------------|----------|
|                              | 2023                            |          |            | 2022     |            |          |
|                              | (\$ in thousands)               |          |            |          |            |          |
|                              | Amount                          | % of GWP | Amount     | % of GWP | Change     | Change   |
| Fronting Premiums            | \$ 278,548                      | 33.2 %   | \$ 154,232 | 24.0 %   | \$ 124,316 | 80.6 %   |
| Residential Earthquake       | 190,048                         | 22.7 %   | 159,995    | 24.9 %   | 30,053     | 18.8 %   |
| Commercial Earthquake        | 124,763                         | 14.9 %   | 90,894     | 14.1 %   | 33,869     | 37.3 %   |
| Inland Marine                | 103,841                         | 12.4 %   | 72,214     | 11.2 %   | 31,627     | 43.8 %   |
| Casualty                     | 50,144                          | 6.0 %    | 25,697     | 4.0 %    | 24,447     | 95.1 %   |
| Hawaii Hurricane             | 28,718                          | 3.4 %    | 24,579     | 3.8 %    | 4,139      | 16.8 %   |
| Commercial All Risk          | 26,769                          | 3.2 %    | 41,647     | 6.5 %    | (14,878)   | (35.7)%  |
| Residential Flood            | 14,964                          | 1.8 %    | 10,448     | 1.6 %    | 4,516      | 43.2 %   |
| Specialty Homeowners         | (99)                            | (0.0)%   | 30,082     | 4.7 %    | (30,181)   | (100.3)% |
| Other                        | 20,710                          | 2.4 %    | 32,963     | 5.2 %    | (12,253)   | (37.2)%  |
| Total Gross Written Premiums | \$ 838,406                      | 100.0 %  | \$ 642,751 | 100.0 %  | \$ 195,655 | 30.4 %   |

| State                        | Three Months Ended September 30, |          |            |          | Nine Months Ended September 30, |          |            |          |
|------------------------------|----------------------------------|----------|------------|----------|---------------------------------|----------|------------|----------|
|                              | 2023                             |          | 2022       |          | 2023                            |          | 2022       |          |
|                              | (\$ in thousands)                |          |            |          | (\$ in thousands)               |          |            |          |
|                              | Amount                           | % of GWP | Amount     | % of GWP | Amount                          | % of GWP | Amount     | % of GWP |
| California                   | \$ 163,806                       | 52.2 %   | \$ 131,016 | 51.8 %   | \$ 450,752                      | 53.8 %   | \$ 292,865 | 45.6 %   |
| Texas                        | 24,336                           | 7.7 %    | 26,234     | 10.4 %   | 72,777                          | 8.7 %    | 71,499     | 11.1 %   |
| Washington                   | 17,792                           | 5.7 %    | 13,573     | 5.4 %    | 43,409                          | 5.2 %    | 29,391     | 4.6 %    |
| Hawaii                       | 13,490                           | 4.3 %    | 10,998     | 4.3 %    | 35,824                          | 4.3 %    | 29,729     | 4.6 %    |
| Florida                      | 11,549                           | 3.7 %    | 7,445      | 2.9 %    | 36,309                          | 4.3 %    | 27,216     | 4.2 %    |
| Oregon                       | 8,536                            | 2.7 %    | 7,738      | 3.1 %    | 21,223                          | 2.5 %    | 16,483     | 2.6 %    |
| Illinois                     | 6,502                            | 2.1 %    | 4,204      | 1.7 %    | 15,675                          | 1.9 %    | 13,153     | 2.0 %    |
| Tennessee                    | 5,562                            | 1.8 %    | 1,810      | 0.7 %    | 9,233                           | 1.1 %    | 4,247      | 0.7 %    |
| Other                        | 62,425                           | 19.8 %   | 50,110     | 19.8 %   | 153,204                         | 18.2 %   | 158,168    | 24.6 %   |
| Total Gross Written Premiums | \$ 313,998                       | 100.0 %  | \$ 253,128 | 100.0 %  | \$ 838,406                      | 100.0 %  | \$ 642,751 | 100.0 %  |

| Subsidiary                   | Three Months Ended September 30, |         |            |         | Nine Months Ended September 30, |         |            |         |
|------------------------------|----------------------------------|---------|------------|---------|---------------------------------|---------|------------|---------|
|                              | 2023                             |         | 2022       |         | 2023                            |         | 2022       |         |
|                              | (\$ in thousands)                |         |            |         | (\$ in thousands)               |         |            |         |
|                              | % of                             |         | % of       |         | % of                            |         | % of       |         |
|                              | Amount                           | GWP     | Amount     | GWP     | Amount                          | GWP     | Amount     | GWP     |
| PSIC                         | \$ 186,693                       | 59.5 %  | \$ 136,814 | 54.0 %  | \$ 497,216                      | 59.3 %  | \$ 357,156 | 55.6 %  |
| PESIC                        | 127,305                          | 40.5 %  | 116,314    | 46.0 %  | 341,190                         | 40.7 %  | 285,595    | 44.4 %  |
| Total Gross Written Premiums | \$ 313,998                       | 100.0 % | \$ 253,128 | 100.0 % | \$ 838,406                      | 100.0 % | \$ 642,751 | 100.0 % |

#### Gross and net earned premiums

The table below shows the amount of premiums the Company earned on a gross and net basis and the Company's net earned premiums as a percentage of gross earned premiums for each period presented:

|                       | Three Months Ended September 30, |            |           |        | Nine Months Ended September 30, |            |            |        |
|-----------------------|----------------------------------|------------|-----------|--------|---------------------------------|------------|------------|--------|
|                       | 2023                             | 2022       | Change    | %      | 2023                            | 2022       | Change     | %      |
|                       | (\$ in thousands)                |            |           |        | (\$ in thousands)               |            |            |        |
|                       |                                  |            |           |        |                                 |            |            |        |
| Gross earned premiums | \$ 271,786                       | \$ 186,938 | \$ 84,848 | 45.4 % | \$ 739,219                      | \$ 484,005 | \$ 255,214 | 52.7 % |
| Ceded earned premiums | (185,969)                        | (108,996)  | (76,973)  | 70.6 % | (487,055)                       | (249,766)  | (237,289)  | 95.0 % |

|                          |           |           |          |        |            |            |           |       |
|--------------------------|-----------|-----------|----------|--------|------------|------------|-----------|-------|
| Net earned premiums      | \$ 85,817 | \$ 77,942 | \$ 7,875 | 10.1 % | \$ 252,164 | \$ 234,239 | \$ 17,925 | 7.7 % |
| Net earned premium ratio | 31.6 %    | 41.7 %    |          |        | 34.1 %     | 48.4 %     |           |       |

#### Loss detail

|                                           | Three Months Ended<br>September 30, |           |             | %<br>Change | Nine Months Ended<br>September 30, |           |             | %<br>Change |
|-------------------------------------------|-------------------------------------|-----------|-------------|-------------|------------------------------------|-----------|-------------|-------------|
|                                           | 2023                                | 2022      | Change      |             | 2023                               | 2022      | Change      |             |
|                                           | (\$ in thousands)                   |           |             |             | (\$ in thousands)                  |           |             |             |
| Catastrophe losses                        | \$ (533)                            | \$ 12,500 | \$ (13,033) | (104.3)%    | \$ 3,432                           | \$ 13,529 | \$ (10,097) | (74.6)%     |
| Non-catastrophe losses                    | 16,672                              | 18,400    | (1,728)     | (9.4)%      | 51,264                             | 46,722    | 4,542       | 9.7%        |
| Total losses and loss adjustment expenses | \$ 16,139                           | \$ 30,900 | \$ (14,761) | (47.8)%     | \$ 54,696                          | \$ 60,251 | \$ (5,555)  | (9.2)%      |

The following table represents a reconciliation of changes in the ending reserve balances for losses and loss adjustment expenses:

|                                                                                                        | Three Months Ended September 30, |            | Nine Months Ended September 30, |            |
|--------------------------------------------------------------------------------------------------------|----------------------------------|------------|---------------------------------|------------|
|                                                                                                        | 2023                             | 2022       | 2023                            | 2022       |
|                                                                                                        | (in thousands)                   |            | (in thousands)                  |            |
| Reserve for losses and LAE net of reinsurance recoverables at beginning of period                      | \$ 81,300                        | \$ 55,769  | \$ 77,520                       | \$ 45,419  |
| Add: Incurred losses and LAE, net of reinsurance, related to:                                          |                                  |            |                                 |            |
| Current year                                                                                           | 15,116                           | 30,904     | 50,954                          | 58,703     |
| Prior years                                                                                            | 1,023                            | (4)        | 3,742                           | 1,548      |
| Total incurred                                                                                         | 16,139                           | 30,900     | 54,696                          | 60,251     |
| Deduct: Loss and LAE payments, net of reinsurance, related to:                                         |                                  |            |                                 |            |
| Current year                                                                                           | 6,646                            | 7,873      | 14,215                          | 13,762     |
| Prior years                                                                                            | (1,385)                          | 4,548      | 25,823                          | 17,660     |
| Total payments                                                                                         | 5,261                            | 12,421     | 40,038                          | 31,422     |
| Reserve for losses and LAE net of reinsurance recoverables at end of period                            | 92,178                           | 74,248     | 92,178                          | 74,248     |
| Add: Reinsurance recoverables on unpaid losses and LAE at end of period                                | 232,170                          | 131,575    | 232,170                         | 131,575    |
| Reserve for losses and LAE gross of reinsurance recoverables on unpaid losses and LAE at end of period | \$ 324,348                       | \$ 205,823 | \$ 324,348                      | \$ 205,823 |

#### Reconciliation of Non-GAAP Financial Measures

For the three and nine months ended September 30, 2023 and 2022, the Non-GAAP financial measures discussed above reconcile to their most comparable GAAP measures as follows:

#### Underwriting revenue

|                                                   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|---------------------------------------------------|-------------------------------------|-----------|------------------------------------|------------|
|                                                   | 2023                                | 2022      | 2023                               | 2022       |
|                                                   | (in thousands)                      |           | (in thousands)                     |            |
| Total revenue                                     | \$ 90,935                           | \$ 80,692 | \$ 270,532                         | \$ 238,461 |
| Net investment income                             | (6,029)                             | (3,744)   | (16,690)                           | (9,462)    |
| Net realized and unrealized losses on investments | 1,376                               | 2,356     | 103                                | 8,369      |
| Underwriting revenue                              | \$ 86,282                           | \$ 79,304 | \$ 253,945                         | \$ 237,368 |

#### Underwriting income and adjusted underwriting income

| Three Months Ended<br>September 30, |      | Nine Months Ended<br>September 30, |      |
|-------------------------------------|------|------------------------------------|------|
| 2023                                | 2022 | 2023                               | 2022 |

|                                                   | (in thousands) |          | (in thousands) |           |
|---------------------------------------------------|----------------|----------|----------------|-----------|
| Income before income taxes                        | \$ 24,535      | \$ 5,198 | \$ 70,182      | \$ 42,574 |
| Net investment income                             | (6,029)        | (3,744)  | (16,690)       | (9,462)   |
| Net realized and unrealized losses on investments | 1,376          | 2,356    | 103            | 8,369     |
| Interest expense                                  | 867            | 270      | 2,952          | 475       |
| Underwriting income                               | \$ 20,749      | \$ 4,080 | \$ 56,547      | \$ 41,956 |
| Expenses associated with transactions             | 229            | 45       | 229            | 130       |
| Stock-based compensation expense                  | 3,589          | 3,092    | 10,737         | 8,556     |
| Amortization of intangibles                       | 390            | 313      | 1,092          | 942       |
| Expenses associated with catastrophe bond         | —              | —        | 1,640          | 1,992     |
| Adjusted underwriting income                      | \$ 24,957      | \$ 7,530 | \$ 70,245      | \$ 53,576 |

*Adjusted net income*

|                                                   | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |           |
|---------------------------------------------------|-------------------------------------|----------|------------------------------------|-----------|
|                                                   | 2023                                | 2022     | 2023                               | 2022      |
|                                                   | (in thousands)                      |          | (in thousands)                     |           |
| Net income                                        | \$ 18,432                           | \$ 4,286 | \$ 53,305                          | \$ 33,411 |
| Adjustments:                                      |                                     |          |                                    |           |
| Net realized and unrealized losses on investments | 1,376                               | 2,356    | 103                                | 8,369     |
| Expenses associated with transactions             | 229                                 | 45       | 229                                | 130       |
| Stock-based compensation expense                  | 3,589                               | 3,092    | 10,737                             | 8,556     |
| Amortization of intangibles                       | 390                                 | 313      | 1,092                              | 942       |
| Expenses associated with catastrophe bond         | —                                   | —        | 1,640                              | 1,992     |
| Tax impact                                        | (725)                               | (871)    | (1,582)                            | (3,153)   |
| Adjusted net income                               | \$ 23,291                           | \$ 9,221 | \$ 65,524                          | \$ 50,247 |

*Annualized adjusted return on equity*

|                                      | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |            |
|--------------------------------------|-------------------------------------|------------|------------------------------------|------------|
|                                      | 2023                                | 2022       | 2023                               | 2022       |
|                                      | (in thousands)                      |            | (in thousands)                     |            |
| Annualized adjusted net income       | \$ 93,164                           | \$ 36,884  | \$ 87,365                          | \$ 66,996  |
| Average stockholders' equity         | \$ 417,521                          | \$ 372,955 | \$ 403,044                         | \$ 381,007 |
| Annualized adjusted return on equity | 22.3 %                              | 9.9 %      | 21.7 %                             | 17.6 %     |

*Adjusted combined ratio*

|                                                                                                                                                  | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------|------------------------------------|------------|
|                                                                                                                                                  | 2023                                | 2022      | 2023                               | 2022       |
|                                                                                                                                                  | (in thousands)                      |           | (in thousands)                     |            |
| Numerator: Sum of losses and loss adjustment expenses, acquisition expenses, and other underwriting expenses, net of commission and other income | \$ 65,068                           | \$ 73,862 | \$ 195,617                         | \$ 192,283 |
| Denominator: Net earned premiums                                                                                                                 | \$ 85,817                           | \$ 77,942 | \$ 252,164                         | \$ 234,239 |
| Combined ratio                                                                                                                                   | 75.8 %                              | 94.8 %    | 77.6 %                             | 82.1 %     |
| Adjustments to numerator:                                                                                                                        |                                     |           |                                    |            |
| Expenses associated with transactions                                                                                                            | \$ (229)                            | \$ (45)   | \$ (229)                           | \$ (130)   |
| Stock-based compensation expense                                                                                                                 | (3,589)                             | (3,092)   | (10,737)                           | (8,556)    |
| Amortization of intangibles                                                                                                                      | (390)                               | (313)     | (1,092)                            | (942)      |
| Expenses associated with catastrophe bond                                                                                                        | —                                   | —         | (1,640)                            | (1,992)    |
| Adjusted combined ratio                                                                                                                          | 70.9 %                              | 90.3 %    | 72.1 %                             | 77.1 %     |

*Diluted adjusted earnings per share*

|                                                     | Three Months Ended<br>September 30,   |            | Nine Months Ended<br>September 30,    |            |
|-----------------------------------------------------|---------------------------------------|------------|---------------------------------------|------------|
|                                                     | 2023                                  | 2022       | 2023                                  | 2022       |
|                                                     | (in thousands, except per share data) |            | (in thousands, except per share data) |            |
| Adjusted net income                                 | \$ 23,291                             | \$ 9,221   | \$ 65,524                             | \$ 50,247  |
| Weighted-average common shares outstanding, diluted | 25,244,828                            | 25,787,625 | 25,340,602                            | 25,808,387 |
| Diluted adjusted earnings per share                 | \$ 0.92                               | \$ 0.36    | \$ 2.59                               | \$ 1.95    |

*Catastrophe loss ratio*

|                                                | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|------------------------------------------------|-------------------------------------|-----------|------------------------------------|------------|
|                                                | 2023                                | 2022      | 2023                               | 2022       |
|                                                | (in thousands)                      |           | (in thousands)                     |            |
| Numerator: Losses and loss adjustment expenses | \$ 16,139                           | \$ 30,900 | \$ 54,696                          | \$ 60,251  |
| Denominator: Net earned premiums               | \$ 85,817                           | \$ 77,942 | \$ 252,164                         | \$ 234,239 |
| Loss ratio                                     | 18.8 %                              | 39.6 %    | 21.7 %                             | 25.7 %     |
| Numerator: Catastrophe losses                  | \$ (533)                            | \$ 12,500 | \$ 3,432                           | \$ 13,529  |
| Denominator: Net earned premiums               | \$ 85,817                           | \$ 77,942 | \$ 252,164                         | \$ 234,239 |
| Catastrophe loss ratio                         | (0.6) %                             | 16.0 %    | 1.4 %                              | 5.8 %      |

*Adjusted combined ratio excluding catastrophe losses*

|                                                                                                                                                  | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------|------------------------------------|------------|
|                                                                                                                                                  | 2023                                | 2022      | 2023                               | 2022       |
|                                                                                                                                                  | (in thousands)                      |           | (in thousands)                     |            |
| Numerator: Sum of losses and loss adjustment expenses, acquisition expenses, and other underwriting expenses, net of commission and other income | \$ 65,068                           | \$ 73,862 | \$ 195,617                         | \$ 192,283 |
| Denominator: Net earned premiums                                                                                                                 | \$ 85,817                           | \$ 77,942 | \$ 252,164                         | \$ 234,239 |
| Combined ratio                                                                                                                                   | 75.8 %                              | 94.8 %    | 77.6 %                             | 82.1 %     |
| Adjustments to numerator:                                                                                                                        |                                     |           |                                    |            |
| Expenses associated with transactions                                                                                                            | \$ (229)                            | \$ (45)   | \$ (229)                           | \$ (130)   |
| Stock-based compensation expense                                                                                                                 | (3,589)                             | (3,092)   | (10,737)                           | (8,556)    |
| Amortization of intangibles                                                                                                                      | (390)                               | (313)     | (1,092)                            | (942)      |
| Expenses associated with catastrophe bond                                                                                                        | —                                   | —         | (1,640)                            | (1,992)    |
| Catastrophe losses                                                                                                                               | 533                                 | (12,500)  | (3,432)                            | (13,529)   |
| Adjusted combined ratio excluding catastrophe losses                                                                                             | 71.5 %                              | 74.3 %    | 70.8 %                             | 71.4 %     |

*Tangible Stockholders' equity*

|                                | September 30,  | December 31, |
|--------------------------------|----------------|--------------|
|                                | 2023           | 2022         |
|                                | (in thousands) |              |
| Stockholders' equity           | \$ 421,334     | \$ 384,754   |
| Goodwill and intangible assets | (12,705)       | (8,261)      |
| Tangible stockholders' equity  | \$ 408,629     | \$ 376,493   |



Source: Palomar Holdings, Inc