Date: November 22, 2022

Subject: Mid-Year 2022 Update

Dear Shareholders:

I am writing to provide you with some updates on Forge Group, Inc. (the "Company", "we", or "Forge"). We have had a busy 2022 so far at Forge!

- **Completion of conversion stock offering and related transactions.** As described in this press release, on March 11, 2022, we completed our mutual-to-stock conversion offering (selling 2,050,000 shares of common stock at $10.00 per share) and concurrent agency acquisition. We have a fantastic and supportive group of initial owners and I'm very excited about the long-term prospects of our collective investment. As part of the offering, we established an employee stock ownership plan ("ESOP"). We have a tight-knit group of devoted and hard-working associates at Forge, and we plan on growing our team in the coming years. I am thrilled that Forge associates will become meaningful owners of our company.
- **Investor relations.** We expect to be adding an investor relations area to our website soon. You'll be able to access it from our homepage. Moving forward, we will add information related to the Company (e.g., press releases, financial filings, etc.) to this site. You will also be able to sign up to receive email alerts when new information is published.
- **OTC stock quotes.** In May, the Company's common stock was approved for trading on the OTC Pink marketplace under the symbol "FIGP". Here is a link to our page on the OTC website. We are a small company and insiders own more than 50% of our stock, so I do not expect a particularly liquid or efficient secondary market to develop in the near term. Our board and management team are singularly focused on executing our long-term business plan. However, we recognize that for some of our shareholders, having a "price" in the secondary market as a reference point and, also, a potential mechanism for liquidity, is important.

Mid-Year Update

As a reminder, we conducted our stock offering pursuant to an exemption in the Securities Act of 1933 called Regulation A, known as a "Reg A+ offering". As a Reg A+ issuer, we make financial disclosure filings with the SEC on a semi-annual basis. Our annual financial report is filed on Form 1-K and our semi-annual report is filed on Form 1-SA. On September 28, 2022, we filed a Form 1-SA with the SEC. You can find this filing on the SEC website (search for "Forge Group, Inc.") or on our company page on the OTC website. This marks the first filing where we have some "consolidated" financials (a consolidated balance sheet as of June 30, 2022, and an income statement that consolidates the activities of all the companies from March 11, 2022, onward). Since the offering (and related transactions) closed on March 11, 2022, the results for the six months ended June 30, 2022, are a combination of (i) stand-alone results of Forge Insurance Company from January 1, 2022, through March 10, 2022, and (ii) the financial results of the combined "group" (i.e., Forge Group, Inc., Forge Insurance Company, and Forge Risk Management, Inc.) from March 11, 2022, through June 30, 2022. In 2023, the financial results for the combined "group" will be reflected for all periods.

As of June 30, 2022, our adjusted book value per common share equivalent was $19.90[1] and our adjusted tangible book value per common share equivalent was $17.49[2]. Please note that these are non-GAAP metrics; however, they are metrics that the board and management team use to evaluate overall long-term corporate performance and we believe they will also be helpful for our shareholders over time.

We continue to make progress toward executing our long-term plan, which is expanding our capabilities within the commercial auto insurance segment, a segment in which we have operated for over 80 years, and building a consistently profitable underwriting operation. We have made strides in several key strategic areas, including:

- **Brand.** During 2022 we commenced a full brand "reboot" and, as you can see, we have launched the "Forge Insurance" brand in the marketplace. We are nearing the completion of entity name changes, which involve some regulatory steps, and should be done in the coming months. Branding is an area where we expect to make progress in the years to come. Our long-term goal is to create a brand that is authentic and resonates with our customers. Over time, we believe this will have positive implications for our business financially in the form of customer acquisition and retention.

- **Product.** Historically, we have focused on the public automobile business class segment within the commercial automobile insurance line. Vehicles within the public automobile business class segment are used to transport passengers from one location to another. In this business class segment, operation of the commercial vehicle is generally the primary source of business revenue. Specifically, we have historically underwritten insurance for the following public automobile business classes: taxi cabs, passenger sedans, golf carts, school vans, and other light transportation vehicles. In 2021, we began developing commercial automobile insurance products targeting additional business class segments, namely trade and service providers such as electricians, plumbers, and carpenters (collectively, the "small business class segment"), that our research has indicated present lower loss risk and other favorable business characteristics. In the small business class segment, operation of the commercial vehicle is generally not the primary source of business revenue; rather, the commercial vehicle is used as a tool in the overall business. We have developed our "first generation" product for the small business class segment. As of June 30, 2022, our new product had been filed in 20 states (and approved in 18 states).

- **Distribution.** Our sales and distribution team has been hard at work building the "top of the funnel". In advance of launching our small business class product, we have been working hard to build a network of Forge agents. We have formalized several relationships with agency "networks" (agencies that operate as a collective group and share certain services and, also, access to insurance carriers) over the last six months that operate in our target geographic footprint and that are interested in selling our products. These agency networks should provide a fertile ground for building relationships with the individual network agencies and should help us more rapidly increase the number of individual agencies with which we have a distribution contract ("contracted distribution partners"). The number of contracted distribution partners is an important metric that we track, as we believe it is a good leading indicator for prospective policy application submissions and, in turn, premium revenue. Since the start of 2022, we have increased the number of "contracted distribution partners" by approximately 3x. We have also implemented several business intelligence reporting initiatives to help us track and manage new business activities.

- **Technology.** For better or worse, all roads lead through technology. Progress in our technology area has been, frustratingly, slower than we had hoped. This has delayed meaningful expansion into the small business class segment to date. We have also incurred some costs that will not generate a return. Despite frustrating setbacks in mid-2022, we believe we are now on a path to reaching our technology goals early next year. This is the most critical focus area at Forge currently. Once we have successfully implemented our technology platform, which we expect will occur in the first half of

[1] See Appendix for more information on this non-GAAP metric.
[2] See Appendix for more information on this non-GAAP metric.

2023, we believe we will be well-positioned to accelerate revenue growth in an efficient manner. This will allow us to scale and improve our expense ratio and overall operating margins. The Forge team has proven to be resilient in the face of some adversity in the technology area, and we have been able to continue to grow revenue despite the technology setbacks, albeit at a slightly slower pace than we'd hoped.

Below is a summary of key operating metrics for the six months ended June 30, 2022 (compared to the stand-alone results of Forge Insurance Company for the six months ended June 30, 2021):

	For the six months ended June 30,		Current vs. Prior
(dollars in thousands)	**2021**	**2022**	**Period (%)**
Gross premiums written	4,219	4,699	11.4%
Net premiums written	4,053	4,422	9.1%
Net premiums earned	3,614	4,375	21.0%
Net investment income	584	457	-21.8%
Operating ratios			
Loss and loss adjusting expense ratio	39.0%	52.4%	13.4%
Expense ratio	70.7%	88.7%	18.0%
Combined ratio	**109.8%**	**141.1%**	**31.4%**
Less: Investment ratio	-16.2%	-10.4%	-5.7%
Operating ratio	**93.6%**	**130.7%**	**37.1%**
See Appendix for more detail.			

Below is some brief commentary on the key operating metrics:

- **Premiums written and earned.** Gross premiums written were +11.4% versus the prior year period as the impact of COVID-19 has receded and as we have increased the number of contracted distribution partners with which we do business. Net premiums earned were +9.1% versus the prior year period due to the increase in gross premiums written, which was somewhat offset by higher cost of reinsurance (i.e., premiums we "cede" to reinsurance companies under our reinsurance agreements). We expect the growth in premiums written (and earned) to continue, and accelerate, in the coming years.

- **Loss and loss adjustment expense ratio (loss ratio)[3].** Our loss ratio was 52.4% during the first half of 2022. It has continued to perform better than expected. The increase versus the prior year is largely the result of abnormally low loss frequency during the first half of 2021, as overall driving activity was depressed due to COVID-19. Because we are a small company, our loss ratio, particularly over shorter measurement periods (e.g., 6 months), is less predictable. However, I'm pleased with our performance currently. Accident frequency has continued to be stable and relatively low. Additionally, because physical damage coverage is a relatively minor component of our overall business, we have been less exposed to supply-chain issues and inflationary pressures than, for example, personal auto insurance companies.

- **Expense ratio[4].** Our expense ratio is clearly elevated at 88.7%. Most insurance companies in the commercial auto segment operate at a roughly 35% expense ratio – and that is our goal. Our operating expenses include certain items which I believe are non-recurring, but we have not made any adjustments in this table. The accounting also overstates our true commission expense, but that will normalize in the second half of 2022 and beyond (i.e., for periods after March 11, 2022). In terms of our expense ratio, a portion of it relates to expenses that are more variable in nature and generally increase (or decrease) with premium revenue on a proportionate basis. The

[3] Loss and loss adjusting expenses divided by net premiums earned.
[4] Operating expenses divided by net premiums earned.

remaining portion of the expense ratio is comprised of expenses that are more fixed in nature. These expenses should not increase on a proportionate basis with premium revenue. This should, in turn, lead to a lower expense ratio over time as we grow our premium revenue. Currently, we have a good amount of “growth investments” in our expenses as we are investing to build a larger and more sustainable business.

- **Combined ratio[5] and operating ratio[6].** Our first key milestone will be achieving an operating ratio of 100%. Mathematically, this will happen if we can increase premium revenue and maintain discipline on our fixed costs. This should, in turn, lower our expense ratio (and combined ratio). This assumes that our loss ratio remains at an acceptable level. A key focus internally is ensuring our loss ratio remains at acceptable levels as our growth initiatives gain traction. In addition, our investment ratio[7] should improve throughout the year as we carried a larger-than-normal cash balance during the first half of the year, which was earning a nominal return. At an operating ratio of 100%, we will be operating at approximately “breakeven” and book value erosion should come to an end, all other things held constant. From there, our second milestone will be to generate a combined ratio of 100%. Once reached, all of our net investment income will “fall to the bottom line” and, instead of subsidizing underwriting losses, contribute to book value growth. Once we reach a combined ratio of 100%, we will look to drive our combined ratio below 100%, with the goal of delivering sustainable underwriting profits. We are in the early innings of our business plan, but I am confident in the team we have in place, and I believe we are investing behind a large and profitable market opportunity.

The first six months of 2022 presented a volatile investment environment. Along with many others, we experienced unrealized losses on our investment securities. For the first six months of 2022, both equities and bonds declined in value; the S&P 500 Index was down roughly 20% and the U.S. Aggregate Bond Index was down roughly 10%. That trend has continued. We were fortunate to have a larger-than-normal cash position at the end of March. Since then, we have increased our investment in fixed maturity securities and added to our investments in equity securities. Over the long-term, my hope is that we look back on the market volatility of 2022 as a “gift” in that it allowed us to invest capital at comparatively favorable prices, which should bode well (at least on a relative basis) for prospective returns.

We will be holding a shareholder meeting at our office on December 15, 2022. As mentioned in the notice letter sent to shareholders, we plan on holding a more “traditional” annual meeting in mid-2023. Of course, all are welcome to attend. Thank you for your support and your investment in Forge.

Forge on!

Patrick Bracewell
Chairman & CEO

[5] Sum of loss and loss adjusting expense ratio and expense ratio.
[6] Combined ratio minus the investment ratio.
[7] Net investment income divided by net premiums earned.

Special Note Regarding Forward Looking Statements

Certain information contained in this report includes forward-looking statements. The statements herein which are not historical reflect our current expectations and projections about our company's future results, performance, liquidity, financial condition, prospects and opportunities and are based upon information currently available to our company and our management and our interpretation of what is believed to be significant factors affecting the businesses, including many assumptions regarding future events.

Forward-looking statements are generally identifiable by use of the words "may," "should," "expect," "anticipate," "estimate," "believe," "intend," or "project" or the negative of these words or other variations on these words or comparable terminology. Actual results, performance, liquidity, financial condition, prospects and opportunities could differ materially from those expressed in, or implied by, these forward-looking statements as a result of various risks, uncertainties and other factors. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including matters described in this report generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this report will in fact occur.

Undue reliance should not be placed on any forward-looking statements. Except as expressly required by the federal securities laws, there is no undertaking to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

Special Note Regarding Non-GAAP Financial Exhibits

We believe that the non-GAAP financial exhibits included in the Appendix provide important and useful information for our shareholders. We use these non-GAAP measures for internal planning purposes and to evaluate our ongoing operations and performance. These non-GAAP financial measures are presented as supplemental information and not as alternatives to any GAAP financial measures.

<u>Appendix</u>

Non-GAAP Financial Exhibits

Exhibit 1: Adjusted Book Value and Tangible Book Value Per Common Share Equivalent

"Adjusted book value per common share equivalent" and "adjusted tangible book value per common share equivalent" are non-GAAP metrics and are not intended to be an expression of the Company's opinion of the value of its common stock.

(dollars in thousands except for per-share items)	**As of June 30, 2022**
<u>Calculation of Numerators</u>	
Total equity	47,495
Less: Noncontrolling interest	(705)
GAAP book value	**46,790**
Less: Accumulated other comprehensive (income) loss (AOCI)	1,993
GAAP book value excluding AOCI	**48,783**
Add: Theoretical proceeds from exercise of options [1]	1,800
Add: Non-GAAP real estate adjustments, net [2]	3,217
Adjusted book value (numerator)	**53,800**
Less: Goodwill and other intangibles	(6,507)
Adjusted tangible book value (numerator)	**47,293**
<u>Calculation of Denominator</u>	
Common shares outstanding	2,050
Common shares issuable upon conversion of Series A Preferred Stock [3]	458
Common shares underlying restricted stock awards outstanding [4]	15
Common shares issuable upon exercise of outstanding options [5]	180
Common share equivalents (denominator)	**2,703**
<u>Non-GAAP Measures</u>	
Adjusted book value per common share equivalent [6]	**$19.90**
Adjusted tangible book value per common share equivalent [7]	**$17.49**

<u>Footnotes</u>

[1] Proceeds that would be received from the exercise of outstanding stock options (vested and unvested).

[2] Intended to represent Company's interest in real estate investments at historical cost. See Exhibit 5.

[3] Common shares issuable upon conversion of the Company's Series A Preferred Stock.

[4] Common shares underlying restricted stock awards outstanding (vested and unvested).

[5] Common shares underlying outstanding stock options (vested and unvested).

[6] Adjusted book value (numerator) divided by common share equivalents (denominator).

[7] Adjusted tangible book value (numerator) divided by common share equivalents (denominator).

Exhibit 2: Simplified Income Statement

The "Simplified Income Statement" exhibit is a non-GAAP presentation of "income (loss) before income taxes" and is based on the Company's condensed consolidated statements of earnings. This exhibit separates the Company's core insurance operations (including investment income earned on income-generating securities) from the following other activities and items: real estate operations, the impact of net realized and unrealized gains (losses) on investment securities, certain non-recurring items related to the offering and related transactions, and certain other non-recurring items.

	For the 6 months ended June 30,	
(dollars in thousands)	**2021**	**2022**
Insurance operations		
Revenues		
Net premiums earned	3,614	4,375
Revenues	**3,614**	**4,375**
Expenses		
Loss and loss adjusting expense	1,410	2,292
Operating expenses [1]	2,557	3,881
Expenses	**3,967**	**6,173**
Underwriting gain (loss)	**(353)**	**(1,799)**
Add: Net investment income	584	457
Income (loss) before income taxes	**232**	**(1,342)**
Operating ratios		
Loss and loss adjusting expense ratio	39.0%	52.4%
Expense ratio	70.7%	88.7%
Combined ratio	**109.8%**	**141.1%**
Less: Investment ratio	-16.2%	-10.4%
Operating ratio	**93.6%**	**130.7%**
Other activities		
Real estate operations [2]	(225)	(87)
Net realized and unrealized gains (losses)	1,267	(1,869)
Non-recurring transaction items [3]	-	(8,049)
Other non-recurring items [4]	-	401
Income (loss) before income taxes	**1,042**	**(9,604)**
Consolidated		
Income (loss) before income taxes	**1,274**	**(10,946)**

Footnotes

[1] See Exhibit 6 for GAAP reconciliation.

[2] See Exhibit 6 for GAAP reconciliation.

[3] See Exhibit 6 for GAAP reconciliation.

[4] See Exhibit 6 for GAAP reconciliation.

Exhibit 3: Simplified Balance Sheet

The "Simplified Balance Sheet" exhibit is a non-GAAP presentation of the Company's condensed consolidated balance sheet. In this exhibit, the Company's real estate investments have been presented on a "net basis" (i.e., net of non-recourse mortgage notes payable) and certain other balance sheet items have been grouped together to facilitate a more simplified presentation.

	As of	
(dollars in thousands)	**December 31, 2021**	**June 30, 2022**
Assets		
Adj. Cash and equivalents [1]	7,243	6,794
Fixed maturities and redeemable preferred, at fair value	23,493	28,232
Perpetual preferred and common stocks (incl. other), at fair value	8,669	7,508
Real estate, net of noncontrolling interest [2]	8,631	8,451
Net cash and investments	**48,036**	**50,985**
Net operating and other assets (liabilities) [3]	5,465	2,071
Goodwill and other intangibles	-	6,507
Total assets	**53,501**	**59,562**
Liabilities & Equity		
Net insurance liabilities [4]	13,147	12,772
Total equity, net of noncontrolling interest	40,354	46,790
Total liabilities and equity	**53,501**	**59,562**

Footnotes

[1] Excludes restricted cash and cash and net working capital at real estate entities. See Exhibit 7 for GAAP reconciliation.

[2] See Exhibit 7 for GAAP reconciliation.

[3] See Exhibit 8 for GAAP reconciliation.

[4] See Exhibit 8 for GAAP reconciliation.

Exhibit 4: Investment Portfolio Summary

The "Investment Portfolio Summary" exhibit contains a non-GAAP presentation of the Company's investment portfolio and includes certain investment-related metrics. In this exhibit, the Company's real estate investments have been presented on a "net basis" (i.e., net of non-recourse mortgage notes payable). In addition, fixed maturity securities and redeemable preferred stock have been presented at amortized cost (vs. fair value).

	As of June 30, 2022	
(dollars in thousands)	**$ Value**	**% Total**
Allocation summary		
Adj. Cash and equivalents [1]	6,794	13.1%
Fixed maturities and redeemable preferred, at amortized cost	29,205	56.2%
Perpetual preferred and common stocks (incl. other)	7,508	14.4%
Real estate, net of noncontrolling interest [2]	8,451	16.3%
Cash and investments	**51,957**	**100.0%**

Performance summary

	For the 6 months ended June 30,	
(dollars in thousands)	**2021**	**2022**
Fixed maturities and redeemable preferred		
Beginning, amortized cost	31,559	22,672
Ending, amortized cost	29,170	29,205
Average, amortized cost	**30,365**	**25,938**
Investment income	620	486
% Income return (annualized)	**4.1%**	**3.7%**
Perpetual preferred and common stocks (incl. other)		
Beginning, fair value	5,565	8,669
Ending, fair value	7,494	7,508
Average, fair value	**6,529**	**8,088**
Investment income	62	57
Unrealized gains (losses) on equity securities, net	1,172	(1,888)
Total return	1,234	(1,831)
% Total return (not annualized)	**18.9%**	**-22.6%**
Real estate		
Real assets (Non-GAAP) [3]	40,275	40,275
Notes payable (Non-GAAP) [4]	28,787	28,465
Income from real estate held for investment (annualized)	2,112	2,373
Annualized income as % Real assets (Non-GAAP)	5.2%	5.9%
EBITDA (annualized) [5]	1,927	2,192
Debt service (annualized) [6]	1,800	1,860
Debt service coverage (EBITDA ÷ debt service)	1.1 x	1.2 x

Footnotes

[1] Excludes restricted cash and cash and net working capital at real estate entities. See Exhibit 7 for GAAP reconciliation.

[2] See Exhibit 7 for GAAP reconciliation.

[3] Non-GAAP metric intended to show the real estate at its historical cost basis. Reconciliation provided in Exhibit 5.

[4] Gross principal amount of notes payable. Reconciliation provided in Exhibit 5.

[5] Equal to income from real estate held for investment (annualized) minus real estate operating expenses (annualized).

[6] Monthly debt service at end of period (annualized).

Exhibit 5: Non-GAAP Real Estate Adjustments

The “Non-GAAP Real Estate Adjustments” contains certain non-GAAP adjustments and metrics intended to present the value of the Company’s interest in its real estate investments at historical cost. These non-GAAP adjustments and metrics are not intended to be an expression of the Company’s opinion of the value of its real estate investments.

	As of	
(dollars in thousands)	**December 31, 2021**	**June 30, 2022**
Real estate held for the production of income, net	30,921	30,539
Add: Leases in place	3,065	2,916
Add: Deferred rent [1]	2,011	2,120
Real assets (GAAP)	**35,998**	**35,575**
Add: Accumulated depreciation [2]	4,523	4,905
Add: Accumulated amortization [3]	1,766	1,915
Less: Deferred rent	(2,011)	(2,120)
Real assets (Non-GAAP) [4]	**40,275**	**40,275**
Notes payable, net (GAAP)	**27,524**	**27,249**
Add: Unamortized finance costs	1,263	1,216
Notes payable (Non-GAAP) [5]	**28,787**	**28,465**
Net real assets (Non-GAAP) [6]	11,488	11,811
Less: Net real assets (GAAP) [7]	(8,474)	(8,325)
Non-GAAP adjustments [8]	3,015	3,485
Less: Noncontrolling interest [9]	(232)	(268)
Non-GAAP real estate adjustments, net	**2,783**	**3,217**

Footnotes

[1] Cumulative difference between actual cash receipts and rental income recorded on a straight-line basis.

[2] Accumulated depreciation on real estate held for the production of income.

[3] Accumulated amortization on leases in place.

[4] Approximation of total cost basis of real estate investments.

[5] Gross principal amount of notes payable.

[6] Real assets (non-GAAP) minus notes payable (non-GAAP).

[7] Real assets (GAAP) minus notes payable (GAAP).

[8] Difference between non-GAAP and GAAP net real assets

[9] Portion of non-GAAP adjustments attributable to 7.7% owned by operating partner.

Exhibit 6: Reconciliation of Certain Items in Simplified Income Statement

This exhibit provides a reconciliation of certain items presented in Exhibit 2. These items have been reconciled to their most comparable GAAP financial measures.

	For the 6 months ended June 30,	
(dollars in thousands)	**2021**	**2022**
Operating expenses		
Policy acquisition costs and other operating expenses	1,725	3,433
Related party commissions	774	410
Lease expense	154	87
Less: Sublease income	(24)	(48)
Depreciation and amortization (excl. real estate) [1]	10	109
Other expenses	(10)	-
Less: Service fee and other income	(72)	(110)
Operating expenses	**2,557**	**3,881**
Real estate operations		
Income from real estate held for investment	1,056	1,187
Less: Depreciation and amortization (real estate) [2,3]	(532)	(532)
Less: Real estate operating expense	(92)	(91)
Less: Interest expense	(657)	(652)
Income (loss) before income taxes	**(225)**	**(87)**
Non-recurring transaction items		
Policyholder dividend	-	(7,300)
Settlement loss on acquisition	-	(749)
Income (loss) before income taxes	**-**	**(8,049)**
Other non-recurring items		
Gain on extinguishment of related party loan	-	401
Income (loss) before income taxes	**-**	**401**

Footnotes

[1] Total depreciation and amortization minus depreciation and amortization attributable to real estate.

[2] Depreciation of real estate held for the production of income.

[3] Amortization of leases in place.

Exhibit 7: Reconciliation of Certain Items in Simplified Balance Sheet

This exhibit provides a reconciliation of certain items presented within Exhibit 3. These items have been reconciled to their most comparable GAAP financial measures.

	As of	
(dollars in thousands)	**December 31, 2021**	**June 30, 2022**
Real estate, net of noncontrolling interest		
Noncontrolling interest	720	705
Noncontrolling interest ownership (%)	7.7%	7.7%
Members' equity (100%)	9,351	9,156
Less: Noncontrolling interest	(720)	(705)
Real estate, net of noncontrolling interest	**8,631**	**8,451**
Adj. Cash and equivalents		
Real estate held for the production of income, net	30,921	30,539
Leases in place	3,065	2,916
Deferred rent	2,011	2,120
Less: Notes payable	(27,524)	(27,249)
Net real assets (GAAP)	8,474	8,325
Members' equity (100%)	9,351	9,156
Less: Net real assets (GAAP)	(8,474)	(8,325)
Total cash and net working capital (real estate entities)	877	830
Less: Restricted cash	(194)	(204)
Cash and net working capital (real estate entities)	683	626
Cash and cash equivalents	7,926	7,420
Less: Cash and net working capital (real estate entities)	(683)	(626)
Adj. Cash and equivalents	**7,243**	**6,794**

Exhibit 8: Reconciliation of Certain Items in Simplified Balance Sheet

This exhibit provides a reconciliation of certain items presented within Exhibit 3. These items have been reconciled to their most comparable GAAP financial measures.

	As of	
(dollars in thousands)	**December 31, 2021**	**June 30, 2022**
Net operating assets (liabilities)		
Accrued investment income	216	231
Premiums and reinsurance balances receivable	4,637	3,589
Ceded unearned premiums	244	248
Deferred policy acquisition costs	739	116
Prepaid stock offering expenses	2,579	-
Prepaid expenses	-	283
Other assets	511	812
Operating assets	**8,927**	**5,279**
Reinsurance balances payable	3	155
Commissions payable to related party	862	-
Accrued expenses	870	1,388
Related party loan	398	-
Other liabilities	256	613
Operating lease liability, net	2,567	837
Less: Right of use asset	(1,769)	-
Defined benefit plan unfunded liability	275	215
Operating liabilities	**3,462**	**3,208**
Net operating assets (liabilities)	**5,465**	**2,071**
Net insurance liabilities		
Unpaid losses and loss adjusting expenses	9,678	9,951
Unearned premiums	4,393	4,444
Less: Reinsurance balances recoverable on unpaid losses	(923)	(1,623)
Net insurance liabilities	**13,147**	**12,772**