

The PMI Group, Inc

May 7, 2026

Dear Fellow Shareholders;

I would like to take this opportunity to provide you with a brief update on our business development activities, as well as, a review our financial performance for the calendar year ended December 31, 2025.

As previously discussed in prior shareholder letters, we have continued to retain the services of Jefferies LLC, as a financial advisor, to assist us to identify and advise us on strategic initiatives that may benefit the Company and our Shareholders. We continue to believe that The PMI Group provides an ideal platform for tax efficient growth and offers significant value to potential partners.

With regards to our financial performance, for the twelve-month period ended December 31, 2025, our loss from operations and net loss were both approximately \$645k, compared a loss in the twelve-month period ended December

31,2024 of approximately \$907k, an improvement of approximately \$262k or 28.9%. Our general and administrative expenses decreased approximately \$348k or 49.7k to \$352k, due primarily to lower professional fees. Our interest expense for the twelve-month period ended December 31,2025 was approximately \$295k compared to approximately \$209k in the prior twelve-month period ended December 31,2024, an increase of approximately \$86k or 41.1%. The increase in interest expense is attributable to a \$500k draw made January 31,2025 on our line of credit with Lancer Capital, together with PIK interest. The \$500k draw was made to provide the Company with increased liquidity and fund general operating expenses.

The Company as of December 31,2025 had approximately \$400k in cash and cash equivalents on hand and \$2,624k outstanding on its \$4.0 million line of credit with Lancer Capital. The interest on each draw of the Lancer Credit Facility is payable monthly in-kind ("PIK") and is added to the principal amount of the Lancer Subordinated Loan Agreement, which has a maturity date of November 3,2027.

The Company continues to maintain a streamlined operating structure as it continues with the assistance of our financial advisor, Jefferies LLC, to actively explore opportunities to enter into strategic transactions to maximize its assets for the value of the Company and its

Shareholders. In closing, thank you for your continued support of The PMI Group.

Respectfully,

A handwritten signature in black ink, appearing to read "Michael E Kelly". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael E Kelly

CEO, Director

The PMI Group, Inc

THE PMI GROUP, INC.

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the years ended December 31, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of
The PMI Group, Inc.

Opinion

We have audited the consolidated financial statements of The PMI Group, Inc. (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Milwaukee, Wisconsin
April 13, 2026

THE PMI GROUP, INC.
CONSOLIDATED BALANCE SHEETS

As of December 31, 2025 and 2024
(in thousands, except share data)

	December 31,	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 400	\$ 100
Prepaid expenses and other current assets	114	105
Total current assets	\$ 514	\$ 205
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 599	\$ 440
Non-Current Liabilities:		
Line of Credit	2,624	1,829
Total liabilities	3,223	2,269
Stockholders' deficit:		
Common stock, \$0.01 par value; 10,000,000 shares authorized; 2,074,441 shares issued and outstanding	21	21
Additional paid-in capital	7,967	7,967
Accumulated deficit	(10,697)	(10,052)
Total stockholders' deficit	(2,709)	(2,064)
Total liabilities and stockholders' deficit	\$ 514	\$ 205

See accompanying notes to the consolidated financial statements.

THE PMI GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2025 and 2024
(in thousands, except share data)

	Years Ended December 31,	
	2025	2024
Revenue:		
Interest income	\$ 2	\$ 2
Expenses:		
General, administrative, and other expenses	352	700
Interest expense	295	209
Total expenses	647	909
Loss from operations	(645)	(907)
Net loss	\$ (645)	\$ (907)

See accompanying notes to the consolidated financial statements.

THE PMI GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
For the Years Ended December 31, 2025 and 2024
(in thousands, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount			
Balance, January 1, 2024	2,074,441	\$ 21	\$ 7,967	\$ (9,145)	\$ (1,157)
Net loss	-	-	-	(907)	(907)
Balance, December 31, 2024	2,074,441	21	7,967	(10,052)	(2,064)
Net loss	-	-	-	(645)	(645)
Balance, December 31, 2025	<u>2,074,441</u>	<u>\$ 21</u>	<u>\$ 7,967</u>	<u>\$ (10,697)</u>	<u>\$ (2,709)</u>

See accompanying notes to the consolidated financial statements.

THE PMI GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024
(in thousands, except share data)

	Years Ended December 31,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (645)	\$ (907)
Adjustments to reconcile net loss to net cash used in operating activities:		
Interest expense	295	209
Changes in assets and liabilities:		
Prepaid expenses and other current assets	(9)	69
Accounts payable and accrued liabilities	159	158
Net cash used in operating activities	(200)	(471)
Net cash provided by financing activity		
Draw down on line of credit	500	-
Increase (Decrease) in cash and cash equivalents	300	(471)
Cash and cash equivalents, beginning of period	100	571
Cash and cash equivalents, end of period	\$ 400	\$ 100

See accompanying notes to the consolidated financial statements.

THE PMI GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share data)

1. The Company

On October 1, 2013, The PMI Group, Inc. (“PMI” or the “Company”) emerged from Bankruptcy pursuant to the First Amended Plan of Reorganization of the PMI Group, Inc. under Chapter 11 of the United States Bankruptcy Code (the “Plan”). Since emergence, PMI has sought to identify and execute strategic alternatives intended to maximize PMI value.

On August 28, 2015, PMI entered into a series of transactions (“BTO Transactions”) in conjunction with the acquisition by BTO PMI Holdings L.P. (“BTO Holdings”) of 764,542 common shares from another shareholder, including entry into a Subordinated Loan Agreement with BTO PMI Holdings-NQ, L.P. (“BTO Holdings-NQ”) and the issuance of a Warrant to BTO Holdings-NQ (Collectively, BTO Holdings and BTO Holdings-NQ are referred to as “BTO”). Contemporaneous with the BTO transactions, PMI entered into an Investor Rights Agreement and a Registration Right Agreement with BTO which among other things provides BTO with certain governance rights and rights to demand and/or piggy-back in a registered offering under certain circumstances as defined in the agreements.

On November 4, 2022, PMI entered into a Securities Sale Agreement (“SSA”) with Lancer Capital LLC (“Lancer”) to consent to BTO Holdings selling 764,542 common shares, as well as entering into an Investor Rights Agreement and Registrations Rights Agreement with Lancer Capital LLC. The SSA terminated BTO Holdings Investor Rights Agreement, Registration Right Agreement and warrants dated as of June 25, 2021 with BTO Holdings-NQ.

2. Summary of Significant Accounting Policies

The accompanying consolidated financial statements of PMI as of and for the years ended December 31, 2025 and 2024, have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and in accordance with Accounting Standards Codification, as set forth by the Financial Accounting Standards Board (“FASB”). The following is a summary of significant accounting and reporting policies.

Principles of Consolidation

PMI is the 100% owner of PMI Mortgage Insurance Co. (“MIC”). On August 19, 2011, MIC was placed under formal supervision of the Arizona Department of Insurance (“ADI”). On October 20, 2011, the ADI filed a petition and complaint in the Arizona Superior Court, County of Maricopa (the “Receivership Court”) seeking to have MIC placed into interim receivership under full possession and control of the ADI, which was granted that day (the “Possession Order”). All intercompany transactions and balances have been eliminated in consolidation.

On March 14, 2012, the Receivership Court, with the consent of PMI’s bankrupt estate, entered an order (“the Receivership Order”) appointing the Arizona Insurance Commissioner as Receiver and appointing a Special Deputy Receiver to manage the day-to-day affairs of MIC subject to the continuing oversight of the Receivership Court.

MIC is currently subject to the Receivership Order that effects a separation of control between PMI and MIC which, among other things, gives the Receiver exclusive custody and control of MIC’s records and assets, including all of MIC’s rights to control its operations and those of its subsidiaries.

THE PMI GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share data)

2. Summary of Significant Accounting Policies, continued

Principles of Consolidation, continued

The Receivership Order prohibits PMI (as MIC's stockholder) from transacting any of MIC's business or altering any of MIC's records. In accordance with the applicable accounting standards, when a subsidiary becomes subject to the control of a government, court, administrator, or regulator, deconsolidation of that subsidiary is generally required. The Company has therefore deconsolidated MIC for accounting purposes and eliminated the results of MIC's operations for all periods presented. However, MIC does remain as part of the PMI consolidated tax group.

The Company believes they have no responsibilities for liabilities of MIC. Although MIC is currently in rehabilitation, to the extent that MIC is rehabilitated and emerges from receivership, the residual interest would belong to PMI. The accounts of PMI include the accounts of PMI and its subsidiaries – PMI Insurance Co., and PMI Mortgage Service Co. On January 23, 2019, PMI Mortgage Service Co. filed a certificate of dissolution that was accepted by the California Secretary of State.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company believes that the estimates used in preparing its consolidated financial statements are reasonable and prudent; however, actual results could differ from those estimates.

Cash Equivalents

The Company considers all highly liquid investments with an original maturity date of three months or less at the date of purchase to be cash equivalents. The Company invests its cash and cash equivalent in a money market account.

Income Taxes

PMI accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

PMI recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize our deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

THE PMI GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share data)

2. Summary of Significant Accounting Policies, continued

Income Taxes, continued

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statements of operations. As of December 31, 2025 and 2024, the Company recorded no interest and penalties.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity of PMI during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. For the twelve months ended December 31, 2025 and 2024, the Company had no items of other comprehensive income (loss). Therefore, the net income (loss) equals comprehensive income (loss) for the years then ended.

3. Cash and Cash Equivalents

Cash and cash equivalents include interest-earning, highly liquid deposits held at a financial institution that may exceed federally insured limits. PMI has not experienced any losses on this account and does not believe it is exposed to any significant credit risk with respect to cash balances held in this financial institution.

Cash and cash equivalents as of December 31, 2025 and 2024 is comprised as follows:

	December 31,	
	2025	2024
Cash	\$ 23	\$ 100
Cash equivalents	377	-
Total cash, cash equivalents shown in the consolidated statements of cash flows	\$ 400	\$ 100

THE PMI GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share data)

4. MIC Transactions

On December 12, 2012, PMI and MIC agreed to the Second Amended and Restated Cost Allocation Agreement (the “CAA”), pursuant to which MIC provided certain Transition Services and Additional Services (both as defined in the CAA) to PMI. The agreement required the deposit of funds into an escrow account (the “Escrow Account”) for the benefit of both PMI and MIC. The Company with the consent of the Receiver mutually closed the Escrow Account as of May 31, 2023 and transferred these funds to unrestricted cash. To obtain the consent of the Receiver, the Company advanced \$75 directly to MIC as a prepaid deposit for future cost allocations per the CAA. As of December 31, 2025, there were \$10 of costs allocated, bringing the balance to \$65, which is included in prepaid expenses and other current assets on the consolidated balance sheets.

The parties agreed to pay their respective portions of the PMI Service Costs (as defined in the CAA) as invoiced from each party to the CAA. As of December 31, 2025 and December 31, 2024, related party receivables from MIC totaled approximately \$18 and \$7, respectively, which are included in prepaid expenses and other current assets on the consolidated balance sheets.

5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	As of December 31,	
	2025	2024
Accounts payable	\$ 92	\$ 93
Accrued board fees	320	160
Accrued legal fees	187	187
	<u>\$ 599</u>	<u>\$ 440</u>

Legal fees are payable to one attorney and along with the board fees payments are deferred until the Company’s cash flow position improves or business a combination is reached.

6. Subordinated Term Loan

Subordinated Loan Agreement - Lancer Capital LLC

On November 4, 2022, the Company entered into a Securities Sale Agreement, whereby 764,542 shares of common stock owned by BTO Holdings (see note 1) was sold to Lancer Capital, LLC. The SSA terminated BTO Holdings’ Investor Rights Agreement, Registration Right Agreement and warrants dated as of June 25, 2021 with BTO Holdings-NQ. In connection with the SSA, payment of all amounts outstanding under, and the termination of, the Subordinated Loan Agreement dated as of August 28, 2015 with BTO was made on November 4, 2022.

THE PMI GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share data)

6. Subordinated Term Loan (continued)

Subordinated Loan Agreement - Lancer Capital LLC (continued)

On November 3, 2022, the Company entered into a Subordinated Loan Agreement ("Loan Agreement") with Lancer Capital LLC for the aggregate principal amount up to \$4,000. On November 3, 2022 the Company borrowed under this Loan Agreement in connection with the SSA which amounted to \$1,409. On January 31, 2025 the Company borrowed an additional \$500. The Loan Agreement bears interest at a rate of 12% per annum, payable monthly in arrears. All payments of interest on each Loan Agreement are payable monthly in-kind ("PIK") and will be added to the principal amount of the Loan Agreement. Total PIK interest accrued from November 3, 2022 through December 31, 2025 and 2024 total \$715 and \$420, respectively. The Loan Agreement has a maturity date of November 3, 2027. Interest expense on this Loan Agreement was \$295 and \$209 for the years ended December 31, 2025 and 2024, respectively. The Company was in compliance with all covenants as defined in the Loan Agreement as of December 31, 2025 and 2024.

7. Taxes

The components of deferred tax assets consist of the following:

	Years Ended December 31,	
	2025	2024
Net Operating losses	\$ 173,669	\$ 173,533
Less valuation allowance	(173,669)	(173,533)
Net deferred tax asset	\$ -	\$ -

As of December 31, 2025, the deferred tax asset noted in the above table for net operating losses relates to the potential benefit of being able to utilize \$826,994 of federal net operating losses in the future.

Management assesses that available positive and negative evidence whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets associated with loss carry forwards. A significant piece of objective negative evidence is the existence of a four-year cumulative loss positions as of the reporting date. As of December 31, 2025, due to the one-time gain resulting from the termination of the Loan Agreement which occurred in 2022, the Company is in a four-year cumulative income position despite its long history of losses. While this is positive evidence that could support the realization of tax assets, it is out weighted by the negative evidence associated with the previous loss history of the Company (excluding 2022) and the inability to project future taxable income to absorb being carried forward.

Excluding the one-time, non-recurring gain in 2022 from the loan terminations, the Company would still be in a cumulative three-year loss position. This objective evidence limits the ability to consider other subjective evidence, such as our projections for future growth.

On the basis of this evaluation, as of December 31, 2025 and 2024, the Company maintained a full valuation allowance against its net deferred tax asset. The valuation allowance increased by approximately \$136 and \$190 as of December 31, 2025 and 2024, respectively. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period

THE PMI GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share data)

7. Taxes, continued

are reduced or increase or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as our projections growth. The net change in the valuation allowance for the year ended December 31, 2025 and 2024 was primarily due to changes in the Company's net operating loss carry forwards.

As of December 31, 2025 and 2024, the Company has \$144,531 in California NOLs that expire between 2028 and 2038, however the Company concluded the utilization of these tax losses is remote, thus the Company has not recorded a deferred tax asset related to these NOLs.

In general, Section 382 of the Internal Revenue Code ("Section 382") limits the amount of NOL carryforwards and other tax attributes, including certain built-in losses, arising before an "ownership change" that may be used to offset taxable income following the "ownership change." An "ownership change," as defined under Section 382, occurs when certain five percent or greater shareholders of a corporation with NOLs increase their ownership percentage in the corporation by more than 50 percentage points during a rolling three-year period. Pursuant to the Plan, PMI's then-outstanding common stock was extinguished, and new common stock of PMI was issued to creditors, resulting in an "ownership change."

The Internal Revenue Code provides limited exceptions to the application of Section 382. Such limited exception is provided in the Title 11 or similar cases (e.g. bankruptcy context). Management believes that PMI qualifies for such exception under Section 382; and, that any NOLs are not limited due to ownership changes. The tax attribute limitation are complex and vary from jurisdiction to jurisdiction. However, management believes that the total available and utilizable NOLs (not subject to limitation) at December 31, 2025 and 2024 are approximately \$819,295. The remaining NOLs totaling \$7,699 will begin to expire in 2031.

PMI's ability to utilize the NOLs or other tax attributes such as tax credits is subject to a number of risks, including, but not limited to, the Company's ability to generate future taxable income. Continuing tax controversy around the net operating loss utilization and scrutiny by taxing authorities may limit the Company's ability to use tax attributes in the future or result in their complete loss.

PMI files income tax returns in the U.S. Federal jurisdiction and various states. With few exceptions, PMI is no longer subject to U.S. Federal, state, and local income tax examinations by tax authorities for years before 2021. As a matter of course, various taxing authorities, including the IRS, could audit PMI. There were no tax years under examination by major tax jurisdictions as of December 31, 2025 and 2024.

In December 2012, PMI entered into the Amended Tax Sharing Agreement approved by the Bankruptcy Court and the Receivership Court, which among other things, allocated a portion of the consolidated tax group's NOLs between PMI and MIC, as described above.

The Company had no unrecognized tax benefits or accrued interest and penalties related to unrecognized tax benefits as of December 31, 2025 and 2024.

8. Subsequent Events

The Company has evaluated all subsequent events for recognition and disclosure through April 13, 2026, the date which these consolidated financial statements were available to be issued.