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

**(Mark One)**

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

**For the quarterly period ended June 30, 2026**

**OR**

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

**For the transition period from ________ to _______**

**Commission file number: 001-40244**

# HAGERTY, INC.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **86-1213144** |
| (State of incorporation) | (I.R.S. Employer Identification No.) |
| **121 Drivers Edge, Traverse City, Michigan** | **49684** |
| (Address of principal executive offices) | (Zip code) |

**(800) 922-4050**

Registrant's telephone number, including area code

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Trading Symbols | Name of each exchange on which registered |
|---|---|---|
| Class A common stock, par value $0.0001 per share | HGTY | The New York Stock Exchange |

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

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

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☒ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

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

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

The registrant had 102,070,523 shares of Class A Common Stock outstanding and 241,552,156 shares of Class V Common Stock outstanding as of July 24, 2026.

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### Where You Can Find More Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, as well as any amendments to those reports, are available free of charge through our website at investor.hagerty.com after we file them with, or furnish them to, the Securities and Exchange Commission ("SEC"). We use our investor relations website, investor.hagerty.com, as a means of disclosing information which may be of interest or material to our investors and for complying with disclosure obligations under Regulation FD. Accordingly, investors should monitor our investor relations website, in addition to following our press releases, SEC filings, public conference calls, webcasts, and social media channels. Information contained on or accessible through our website or social media channels is not a part of, and is not incorporated by reference into, this Quarterly Report on Form 10-Q (this "Quarterly Report") or any other report or document we file with the SEC. Any reference to our website in this Quarterly Report is intended to be an inactive textual reference only.

Unless the context indicates otherwise, the terms "we," "our," "us," "Hagerty," and the "Company" refer to Hagerty, Inc. and its consolidated subsidiaries, including The Hagerty Group, LLC ("THG").

**Cautionary Statement Regarding Forward-Looking Statements**

This Quarterly Report, as well as other oral or written information we provide, contain statements that constitute "forward-looking statements" within the meaning of the federal securities laws. All statements we provide, other than statements of historical fact, are forward-looking statements, including those regarding our future operating results and financial position, our business strategy and plans, products, services, and technology implementations, market conditions, growth and trends, expansion plans and opportunities, and our objectives for future operations. The words "anticipate," "believe," "envision," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," "ongoing," "contemplate," and similar expressions, and the negative of these expressions, are intended to identify forward-looking statements.

We have based these forward-looking statements largely on our current expectations about future events, which may not materialize. Actual results could differ materially and adversely from those anticipated or implied in our forward-looking statements. Some of the factors that could cause actual results to differ from our expectations include, among other risks, our ability to:

- compete effectively within our industry and attract and retain our insurance policyholders and paid Hagerty Drivers Club subscribers (collectively, "Members");
- maintain key strategic relationships with our insurance distribution and underwriting carrier partners;
- prevent, monitor, and detect fraudulent activity;
- manage risks associated with disruptions, interruptions, outages, or other issues with our technology platforms or our use of third-party services;
- accelerate the adoption of our membership and marketplace products and services, as well as any new insurance programs and products we offer;
- successfully implement the fronting arrangement consummated with Markel Group Inc. (together with its subsidiaries, "Markel") and realize the anticipated benefits while also managing the increased exposure to underwriting volatility, catastrophes, reinsurance counterparty risk, and legal, compliance, and regulatory risks resulting from the shift to our wholly owned subsidiary, Hagerty Reinsurance Limited ("Hagerty Re"), assuming 100% of the risk for policies written through this arrangement;
- underwrite and price new products, including Enthusiast+, consistent with expected loss ratios and risk tolerances;
- execute Broad Arrow Group, Inc.'s ("Broad Arrow") private sale, auction, and financing strategies;
- complete acquisitions or investments, such as the acquisition of Bennetts Motorcycling Services Limited ("Bennetts"), on the expected terms or timeline, or at all, or realize the anticipated benefits of these acquisitions and investments, including expected earnings enhancements and synergies;
- manage the cyclical nature of the insurance business and broader macroeconomic conditions, including inflation, interest rates, and potential recessionary pressures;
- achieve our investment objectives and avoid losses in our investment portfolio;
- address unexpected increases in the frequency or severity of claims, including catastrophe losses; and
- comply with the numerous laws and regulations applicable to our business, including without limitation state, federal, and foreign laws relating to insurance and rate increases, privacy and cybersecurity, marketing and advertising, digital services, accounting matters, tax, anti-money laundering, and economic sanctions.

For more information regarding the risks and uncertainties that could cause actual results to differ from our expectations, see Item 1A of Part II — Risk Factors of this Quarterly Report and Item 1A of Part I — Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2025.

You should not rely on forward-looking statements as predictions of future events. These statements are based on management's current expectations and assumptions and are not guarantees of future performance. We operate in a very competitive and rapidly changing environment and new risks emerge from time to time. The forward-looking statements in this Quarterly Report represent our views as of the date hereof. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this Quarterly Report.

## PART I — FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

**Hagerty, Inc.**
**Condensed Consolidated Statements of Operations (Unaudited)**

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| REVENUES: | *(in thousands, except per share amounts)* | | | |
| Earned premium, net | $ 251,956 | $ 177,785 | $ 491,598 | $ 347,140 |
| Commission and fee revenue | 23,665 | 143,287 | 40,100 | 243,574 |
| Marketplace revenue | 39,658 | 26,886 | 65,310 | 55,972 |
| Membership and other revenue | 21,361 | 20,741 | 43,488 | 41,606 |
| Net investment income | 11,003 | 9,416 | 21,266 | 18,474 |
| Net investment gains | 7,179 | 1,194 | 4,890 | 879 |
| Total revenue | 354,822 | 379,309 | 666,652 | 707,645 |
| EXPENSES: | | | | |
| Losses and loss adjustment expenses, net | 110,709 | 75,213 | 208,628 | 146,343 |
| Policy acquisition costs, net | 83,641 | 82,938 | 185,563 | 160,271 |
| Underwriting and other insurance expenses | 62,947 | 1,222 | 122,535 | 2,579 |
| Selling, general, and administrative expenses | 95,265 | 161,627 | 167,681 | 305,672 |
| Interest expense and other, net | 28 | 4,946 | 950 | 6,635 |
| Total expenses | 352,590 | 325,946 | 685,357 | 621,500 |
| INCOME (LOSS) BEFORE TAXES | 2,232 | 53,363 | (18,705) | 86,145 |
| Income tax (expense) benefit | 5,809 | (6,161) | 14,001 | (11,650) |
| NET INCOME (LOSS) | 8,041 | 47,202 | (4,704) | 74,495 |
| Net (income) loss attributable to non-controlling interest | (7,761) | (36,229) | 493 | (55,151) |
| Accretion of Series A Convertible Preferred Stock | (1,948) | (1,875) | (3,978) | (3,750) |
| NET INCOME (LOSS) ATTRIBUTABLE TO CLASS A COMMON STOCKHOLDERS | $ (1,668) | $ 9,098 | $ (8,189) | $ 15,594 |
| | | | | |
| Earnings (loss) per share of Class A Common Stock: | | | | |
| Basic | $ (0.02) | $ 0.09 | $ (0.08) | $ 0.16 |
| Diluted | $ (0.02) | $ 0.09 | $ (0.08) | $ 0.16 |
| | | | | |
| Weighted average shares of Class A Common Stock outstanding: | | | | |
| Basic | 101,797 | 90,698 | 101,418 | 90,374 |
| Diluted | 101,797 | 90,698 | 101,418 | 91,247 |

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.
See Note 20 for information regarding Related-Party Transactions.

**Hagerty, Inc.**
**Condensed Consolidated Statements of Comprehensive Income (Unaudited)**

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | *in thousands* | | | |
| Net income (loss) | $ 8,041 | $ 47,202 | $ (4,704) | $ 74,495 |
| Other comprehensive income (loss), net of tax: | | | | |
| Change in net unrealized gain (loss) on available-for-sale investments | (2,451) | 1,048 | (7,404) | 5,085 |
| Foreign currency translation adjustments | (961) | 1,683 | (443) | 1,707 |
| Other comprehensive income (loss) | (3,412) | 2,731 | (7,847) | 6,792 |
| Comprehensive income (loss) | 4,629 | 49,933 | (12,551) | 81,287 |
| Comprehensive (income) loss attributable to non-controlling interest | (5,351) | (38,243) | 6,043 | (60,167) |
| Accretion of Series A Convertible Preferred Stock | (1,948) | (1,875) | (3,978) | (3,750) |
| Comprehensive income (loss) attributable to Class A Common Stockholders | $ (2,670) | $ 9,815 | $ (10,486) | $ 17,370 |

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.
See Note 20 for information regarding Related-Party Transactions.

**Hagerty, Inc.**
**Condensed Consolidated Balance Sheets (Unaudited)**

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| **ASSETS** | *in thousands (except share amounts)* | |
| Fixed maturity securities available-for-sale, at fair value (amortized cost: $702,483 and $687,813 as of June 30, 2026 and December 31, 2025, respectively) | $ 701,561 | $ 696,271 |
| Equity securities, at fair value | 54,945 | 34,871 |
| Total investments | 756,506 | 731,142 |
| Cash and cash equivalents | 298,302 | 160,177 |
| Restricted cash and cash equivalents | 169,333 | 138,823 |
| Accounts receivable | 27,313 | 98,872 |
| Premiums receivable | 120,382 | 180,529 |
| Deferred acquisition costs, net | 100,196 | 179,224 |
| Reinsurance recoverables | 12,346 | 15,296 |
| Prepaid reinsurance premiums | 49,846 | 21,950 |
| Notes receivable | 153,302 | 113,887 |
| Intangible assets, net | 89,315 | 88,915 |
| Goodwill | 114,134 | 114,164 |
| Deferred tax assets | 48,021 | 43,011 |
| Other assets | 209,435 | 207,986 |
| TOTAL ASSETS | $ 2,148,431 | $ 2,093,976 |
| **LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY** | | |
| Accounts payable and accrued expenses | $ 89,829 | $ 111,947 |
| Advance premiums | 50,108 | 28,287 |
| Due to insurers | 27,100 | 94,930 |
| Losses payable and reserves for unpaid losses and loss adjustment expenses | 241,705 | 264,204 |
| Unearned premiums | 598,217 | 412,058 |
| Ceding commissions payable | 6,133 | 86,165 |
| Debt, net | 215,951 | 177,907 |
| Contract liabilities | 50,841 | 46,450 |
| Deferred tax liability | 244 | 23,489 |
| Tax receivable agreement liability | 38,284 | 39,829 |
| Other liabilities | 95,213 | 61,684 |
| TOTAL LIABILITIES | 1,413,625 | 1,346,950 |
| Commitments and Contingencies (Note 21) | — | — |
| **TEMPORARY EQUITY** | | |
| Preferred stock, $0.0001 par value (20,000,000 shares authorized, 8,483,561 Series A Convertible Preferred Stock issued and outstanding as of June 30, 2026 and December 31, 2025) | 84,996 | 86,618 |
| **STOCKHOLDERS' EQUITY** | | |
| Class A Common Stock, $0.0001 par value (500,000,000 shares authorized, 101,804,938 and 100,706,893 issued and outstanding as of June 30, 2026 and December 31, 2025, respectively) | 10 | 10 |
| Class V Common Stock, $0.0001 par value (300,000,000 authorized, 241,552,156 shares issued and outstanding as of June 30, 2026 and December 31, 2025) | 24 | 24 |
| Additional paid-in capital | 623,664 | 623,013 |
| Accumulated earnings (deficit) | (407,171) | (402,960) |
| Accumulated other comprehensive income (loss) | (1,068) | 1,229 |
| Total stockholders' equity | 215,459 | 221,316 |
| Non-controlling interest | 434,351 | 439,092 |
| Total equity (Note 16) | 649,810 | 660,408 |
| TOTAL LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY | $ 2,148,431 | $ 2,093,976 |

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.
See Note 20 for information regarding Related-Party Transactions.

# Hagerty, Inc.
## Condensed Consolidated Statements of Changes in Temporary Equity and Stockholders' Equity (Unaudited)

**Three months ended June 30, 2026**

| | **Temporary Equity** | | **Stockholders' Equity** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Series A Convertible Preferred Stock | | Class A Common Stock | | Class V Common Stock | | | | | | | |
| *in thousands* | Shares | Amount | Shares | Amount | Shares | Amount | Additional Paid in Capital | Accumulated Earnings (Deficit) | Accumulated Other Comprehensive Loss | Total Stockholders' Equity | Non-controlling Interest | Total Equity |
| Balance at April 1, 2026 | 8,484 | $ 88,648 | 101,085 | $ 10 | 241,552 | $ 24 | $ 626,166 | $ (407,451) | $ (66) | $ 218,683 | $ 426,712 | $ 645,395 |
| Net income | — | — | — | — | — | — | — | 280 | — | 280 | 7,761 | 8,041 |
| Accretion of Series A Convertible Preferred Stock | — | 1,948 | — | — | — | — | (1,948) | — | — | (1,948) | — | (1,948) |
| Dividends related to Series A Convertible Preferred Stock | — | (5,600) | — | — | — | — | — | — | — | — | — | — |
| Other comprehensive loss | — | — | — | — | — | — | — | — | (1,002) | (1,002) | (2,410) | (3,412) |
| Issuance of shares under employee plans, net of shares withheld for employee taxes | — | — | 666 | — | — | — | (2,881) | — | — | (2,881) | — | (2,881) |
| Share-based compensation | — | — | | | — | — | 5,093 | — | — | 5,093 | — | 5,093 |
| Exchange of THG units for Class A Common Stock | — | — | 54 | — | — | — | 99 | — | — | 99 | (99) | — |
| Distributions paid to non-controlling interest unit holders | — | — | — | — | — | — | — | — | — | — | (478) | (478) |
| Reallocation between controlling and non-controlling interest | — | — | — | — | — | — | (2,865) | — | — | (2,865) | 2,865 | — |
| Balance at June 30, 2026 | 8,484 | $ 84,996 | 101,805 | $ 10 | 241,552 | $ 24 | $ 623,664 | $ (407,171) | $ (1,068) | $ 215,459 | $ 434,351 | $ 649,810 |

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.
See Note 20 for information regarding Related-Party Transactions.

# Hagerty, Inc.
## Condensed Consolidated Statements of Changes in Temporary Equity and Stockholders' Equity (Unaudited)

**Six months ended June 30, 2026**

| | **Temporary Equity** | | **Stockholders' Equity** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Series A Convertible Preferred Stock | | Class A Common Stock | | Class V Common Stock | | Additional Paid in Capital | Accumulated Earnings (Deficit) | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity | Non-controlling Interest | Total Equity |
| *in thousands* | Shares | Amount | Shares | Amount | Shares | Amount | | | | | | |
| Balance at January 1, 2026 | 8,484 | $ 86,618 | 100,707 | $ 10 | 241,552 | $ 24 | $ 623,013 | $ (402,960) | $ 1,229 | $ 221,316 | $ 439,092 | $ 660,408 |
| Net loss | — | — | — | — | — | — | — | (4,211) | — | (4,211) | (493) | (4,704) |
| Accretion of Series A Convertible Preferred Stock | — | 3,978 | — | — | — | — | (3,978) | — | — | (3,978) | — | (3,978) |
| Dividends related to Series A Convertible Preferred Stock | — | (5,600) | — | — | — | — | — | — | — | — | — | — |
| Other comprehensive loss | — | — | — | — | — | — | — | — | (2,297) | (2,297) | (5,550) | (7,847) |
| Issuance of shares under employee plans, net of shares withheld for employee taxes | — | — | 674 | — | — | — | (2,942) | — | — | (2,942) | — | (2,942) |
| Share-based compensation | — | — | — | — | — | — | 9,710 | — | — | 9,710 | — | 9,710 |
| Exchange of THG units for Class A Common Stock | — | — | 424 | — | — | — | 797 | — | — | 797 | (797) | — |
| Distributions paid to non-controlling interest unit holders | — | — | — | — | — | — | — | — | — | — | (837) | (837) |
| Reallocation between controlling and non-controlling interest | — | — | — | — | — | — | (2,936) | — | — | (2,936) | 2,936 | — |
| Balance at June 30, 2026 | 8,484 | $ 84,996 | 101,805 | $ 10 | 241,552 | $ 24 | $ 623,664 | $ (407,171) | $ (1,068) | $ 215,459 | $ 434,351 | $ 649,810 |

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.
See Note 20 for information regarding Related-Party Transactions.

# Hagerty, Inc.
## Condensed Consolidated Statements of Changes in Temporary Equity and Stockholders' Equity (Unaudited)

Three months ended June 30, 2025

| | Temporary Equity | | Stockholders' Equity | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Series A Convertible Preferred Stock | | Class A Common Stock | | Class V Common Stock | | | | | | | |
| *in thousands* | Shares | Amount | Shares | Amount | Shares | Amount | Additional Paid in Capital | Accumulated Earnings (Deficit) | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity | Non-controlling Interest | Total Equity |
| Balance at April 1, 2025 | 8,484 | $ 86,538 | 90,065 | $ 9 | 251,034 | $ 25 | $ 606,972 | $ (443,607) | $ (455) | $ 162,944 | $ 369,713 | $ 532,657 |
| Net income | — | — | — | — | — | — | — | 10,973 | — | 10,973 | 36,229 | 47,202 |
| Accretion of Series A Convertible Preferred Stock | — | 1,875 | — | — | — | — | (1,875) | — | — | (1,875) | — | (1,875) |
| Dividends related to Series A Convertible Preferred Stock | — | (5,600) | — | — | — | — | — | — | — | — | — | — |
| Other comprehensive income | — | — | — | — | — | — | — | — | 717 | 717 | 2,014 | 2,731 |
| Issuance of shares under employee plans, net of shares withheld for employee taxes | — | — | 597 | — | — | — | (2,119) | — | — | (2,119) | — | (2,119) |
| Share-based compensation | — | — | — | — | — | — | 5,146 | — | — | 5,146 | — | 5,146 |
| Exchange of THG units for Class A Common Stock | — | — | 54 | — | — | — | 478 | — | — | 478 | (478) | — |
| Distributions paid to non-controlling interest unit holders | — | — | — | — | — | — | — | — | — | — | (5,704) | (5,704) |
| Reallocation between controlling and non-controlling interest | — | — | — | — | — | — | (3,981) | — | — | (3,981) | 3,981 | — |
| Balance at June 30, 2025 | 8,484 | $ 82,813 | 90,716 | $ 9 | 251,034 | $ 25 | $ 604,621 | $ (432,634) | $ 262 | $ 172,283 | $ 405,755 | $ 578,038 |

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.
See Note 20 for information regarding Related-Party Transactions.

## Hagerty, Inc.
## Condensed Consolidated Statements of Changes in Temporary Equity and Stockholders' Equity (Unaudited)

| | Six months ended June 30, 2025 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Temporary Equity | | Stockholders' Equity | | | | | | | | | |
| | Series A Convertible Preferred Stock | | Class A Common Stock | | Class V Common Stock | | Additional Paid in Capital | Accumulated Earnings (Deficit) | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity | Non-controlling Interest | Total Equity |
| *in thousands* | Shares | Amount | Shares | Amount | Shares | Amount | | | | | | |
| Balance at January 1, 2025 | 8,484 | $ 84,663 | 90,032 | $ 9 | 251,034 | $ 25 | $ 603,780 | $ (451,978) | $ (1,514) | $ 150,322 | $ 373,184 | $ 523,506 |
| Net income | — | — | — | — | — | — | — | 19,344 | — | 19,344 | 55,151 | 74,495 |
| Accretion of Series A Convertible Preferred Stock | — | 3,750 | — | — | — | — | (3,750) | — | — | (3,750) | — | (3,750) |
| Dividends related to Series A Convertible Preferred Stock | — | (5,600) | — | — | — | — | — | — | — | — | — | — |
| Other comprehensive income | — | — | — | — | — | — | — | — | 1,776 | 1,776 | 5,016 | 6,792 |
| Issuance of shares under employee plans, net of shares withheld for employee taxes | — | — | 606 | — | — | — | (2,163) | — | — | (2,163) | — | (2,163) |
| Share-based compensation | — | — | — | — | — | — | 9,538 | — | — | 9,538 | — | 9,538 |
| Exchange of THG units for Class A Common Stock | — | — | 78 | — | — | — | 712 | — | — | 712 | (712) | — |
| Distributions paid to non-controlling interest unit holders | — | — | — | — | — | — | — | — | — | — | (30,380) | (30,380) |
| Reallocation between controlling and non-controlling interest | — | — | — | — | — | — | (3,496) | — | — | (3,496) | 3,496 | — |
| Balance at June 30, 2025 | 8,484 | $ 82,813 | 90,716 | $ 9 | 251,034 | $ 25 | $ 604,621 | $ (432,634) | $ 262 | $ 172,283 | $ 405,755 | $ 578,038 |

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.
See Note 20 for information regarding Related-Party Transactions.

**Hagerty, Inc.**
**Condensed Consolidated Statements of Cash Flows (Unaudited)**

| | Six months ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| **OPERATING ACTIVITIES:** | *in thousands* | |
| Net income (loss) | $ (4,704) | $ 74,495 |
| Adjustments to reconcile net income (loss) to net cash from operating activities: | | |
| Loss on disposals of equipment, software, and other assets | 241 | 1,211 |
| Change in TRA Liability | — | 3,078 |
| Depreciation and amortization | 19,422 | 18,321 |
| Provision for deferred taxes | (26,199) | 2,061 |
| Share-based compensation expense | 9,710 | 9,538 |
| Non-cash lease expense | 4,174 | 4,226 |
| Net investment gains | (4,890) | (879) |
| (Accretion) amortization of discount and premium, net | (1,377) | (2,316) |
| Amortization of gain on loss portfolio transfer | (2,940) | — |
| Other | 795 | 355 |
| Changes in assets and liabilities: | | |
| Accounts and premiums receivable | 128,383 | (142,560) |
| Deferred acquisition costs, net | 79,028 | (21,964) |
| Reinsurance recoverables | 2,950 | (10,390) |
| Prepaid reinsurance premiums | (27,896) | (7,325) |
| Advance premiums | 21,920 | 10,590 |
| Due to insurers | (67,278) | 68,256 |
| Losses payable and reserves for unpaid losses and loss adjustment expenses | (22,499) | (7,828) |
| Unearned premiums | 186,159 | 52,957 |
| Ceding commissions payable | (80,032) | 35,691 |
| Other assets and liabilities, net | (28,810) | 10,197 |
| Net Cash Provided by Operating Activities | 186,157 | 97,714 |
| **INVESTING ACTIVITIES:** | | |
| Capital expenditures | (15,954) | (11,549) |
| Issuance of notes receivable | (92,151) | (26,617) |
| Collection of notes receivable | 55,261 | 8,091 |
| Purchases of fixed maturity securities | (228,418) | (98,455) |
| Purchases of equity securities | (51,041) | (347) |
| Proceeds from maturities and sales of fixed maturity securities | 214,809 | 96,811 |
| Proceeds from sales of equity securities | 35,405 | 378 |
| Other investing activities | (613) | (151) |
| Net Cash Used in Investing Activities | (82,702) | (31,839) |
| **FINANCING ACTIVITIES:** | | |
| Repayments of debt | (61,806) | (124,493) |
| Proceeds from debt, net of issuance costs | 100,825 | 192,339 |
| Proceeds from loss portfolio transfer | 50,500 | — |
| Claims payments made from loss portfolio transfer | (13,259) | — |
| Distributions paid to non-controlling interest unit holders | (837) | (30,380) |
| Payment of Series A Convertible Preferred Stock dividends | (5,600) | (5,600) |
| Funding of TRA Liability payments | (1,545) | (223) |
| Funding of employee tax obligations upon vesting of share-based payments | (3,251) | (2,452) |
| Other financing activities | 309 | 289 |
| Net Cash Provided by Financing Activities | 65,336 | 29,480 |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash and cash equivalents | (156) | 2,386 |
| | | |
| Change in cash and cash equivalents and restricted cash and cash equivalents | 168,635 | 97,741 |
| Beginning cash and cash equivalents and restricted cash and cash equivalents | 299,000 | 232,845 |
| Ending cash and cash equivalents and restricted cash and cash equivalents | $ 467,635 | $ 330,586 |

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.
See Note 20 for information regarding Related-Party Transactions.

**Hagerty, Inc.**
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

## 1 — Description of Business

Hagerty, Inc. is a holding company and the sole managing member of The Hagerty Group, LLC ("THG"). Hagerty, Inc.'s sole material asset is its ownership in THG, through which all of its business is conducted. In these Notes to the Condensed Consolidated Financial Statements, the terms "Hagerty" and the "Company" refer to Hagerty, Inc. and its consolidated subsidiaries unless the context requires otherwise.

Hagerty is a market leader in providing insurance for collector cars and enthusiast vehicles, helping the automotive enthusiast community protect and enjoy their special cars for over 40 years. Through Hagerty's insurance model, the Company's wholly owned subsidiary, Hagerty Reinsurance Limited ("Hagerty Re"), reinsures collector car and enthusiast vehicle insurance risks. Hagerty Re reinsures risks predominantly from policies issued by Essentia Insurance Company ("Essentia"), a subsidiary of Markel Group Inc. ("Markel"). Markel is a related party to the Company. Refer to Note 20 — Related-Party Transactions for additional information on related party transactions with Markel.

The Company also operates as a Managing General Agent ("MGA") by underwriting, selling, and servicing collector car and enthusiast vehicle insurance policies on behalf of insurance carriers, including Hagerty Re under the Markel Fronting Arrangement. Hagerty's insurance products are complemented by its membership product, Hagerty Drivers Club ("HDC"), its renowned car events, and its media and entertainment platforms.

Complementing its insurance offerings, Hagerty operates a trusted marketplace where collectors and enthusiasts can buy and sell a wide range of vehicles, from entry level enthusiast vehicles to high value collector cars. Through its marketplace, Hagerty also provides financing solutions by structuring loans secured by collector cars.

On December 31, 2025, the Company entered into new contractual arrangements and amended the terms of its existing contractual arrangements with Markel and its affiliates. These coordinated transactions with Markel formed an arrangement that became effective January 1, 2026 (the "Markel Fronting Arrangement"). Due to the expanded underwriting and claims authority granted under the Markel Fronting Arrangement, the Company now controls the Essentia book of business, with Hagerty Re's quota share percentage for the risks that it assumes from Essentia increasing from 80% to 100% effective January 1, 2026. Refer to Note 3 — Markel Fronting Arrangement for additional information.

## 2 — Summary of Significant Accounting Policies

**Basis of Presentation —** These unaudited Condensed Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted from this report, as permitted by such rules and regulations.

These unaudited Condensed Consolidated Financial Statements reflect all normal recurring adjustments and accruals that are, in the opinion of management, necessary for a fair statement of the Company's financial position and results of operations for the interim periods presented.

These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto included in the Company's Annual Report on Form 10-K ("Annual Report") for the year ended December 31, 2025. The results of operations for the three and six months ended June 30, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026.

Beginning with its Annual Report for the year ended December 31, 2025, the Company's Consolidated Financial Statements are presented in accordance with Article 7 of Regulation S-X ("Article 7"), which governs financial reporting for insurance companies. In prior reporting periods, the Company presented its Consolidated Financial Statements in accordance with Article 5 of Regulation S-X ("Article 5"), which is applicable to entities operating in non-specialized industries. The adoption of Article 7 reflects the continued expansion of the Company's insurance operations, including expanded risk assumption under the Markel Fronting Arrangement and the introduction of its Enthusiast+ product.

The principal changes resulting from the transition to Article 7 include the discontinuation of a classified balance sheet and the reclassification of certain line items on the Condensed Consolidated Balance Sheets. In addition, "Net investment income" and "Net investment gains" are reported as components of revenue within the Condensed Consolidated Statements of Operations. Prior period financial information has been recast to conform to the requirements of Article 7. The following table presents a reconciliation of Total revenue as presented in the prior period in accordance with Article 5, to the current presentation in accordance with Article 7:

| | Three months ended June 30, 2025 | Six months ended June 30, 2025 |
|---|---|---|
| | *in thousands* | |
| Total revenue presented in accordance with Article 5 | $ 368,699 | $ 688,292 |
| Net investment income | 9,416 | 18,474 |
| Net investment gains | 1,194 | 879 |
| Total revenue presented in accordance with Article 7 | $ 379,309 | $ 707,645 |

**Principles of Consolidation —** These unaudited Condensed Consolidated Financial Statements contain the accounts of Hagerty, Inc. and its majority-owned or controlled subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

As the sole managing member of THG, Hagerty operates and controls all of the business affairs of THG and has the sole voting interest in, and controls the management of, THG. Accordingly, Hagerty consolidates THG in its consolidated financial statements, resulting in a non-controlling interest related to the economic interest in THG held by other parties. As of June 30, 2026 and December 31, 2025, Hagerty, Inc.'s economic ownership of THG was 29.4% and 29.1%, respectively. Refer to Note 16 — Stockholders' Equity for additional information related to the non-controlling interest in THG.

The financial statements of THG are consolidated by the Company under the voting interest method in accordance with Accounting Standards Codification ("ASC") Topic 810, *Consolidations* ("ASC 810"). Non-controlling interest is presented separately in the Condensed Consolidated Statements of Operations, the Condensed Consolidated Statements of Comprehensive Income (Loss), the Condensed Consolidated Balance Sheets, and the Condensed Consolidated Statements of Changes in Temporary Equity and Stockholders' Equity.

**Use of Estimates —** The preparation of these unaudited Condensed Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as of the date of the Condensed Consolidated Financial Statements, as well as the reported amounts of revenue and expenses during the reporting period. Although the estimates are considered reasonable, actual results could materially differ from those estimates.

Significant estimates made by management include, but are not limited to: (i) the reserves for unpaid losses and loss adjustment expenses, including incurred but not reported ("IBNR") claims (see Note 12); (ii) the valuation of deferred income tax assets (see Note 19); (iii) the amount of the liability associated with the tax receivable agreement entered into in connection with the consummation of the business combination that formed Hagerty, Inc. in 2021 (the "TRA") (the "TRA Liability") (see Note 19); and (iv) the fair values of the reporting units used in assessing the recoverability of goodwill. Although some variability is inherent in these estimates, management believes that the current estimates are reasonable in all material respects. These estimates are reviewed regularly and adjusted as necessary. Adjustments related to changes in estimates are reflected in the Company's results of operations in the period during which those estimates changed.

**Deferred Acquisition Costs —** Deferred acquisition costs include costs directly related to the successful acquisition of insurance policies where the Company assumes risk. Deferred acquisition costs are amortized over the average policy life of 12 months within "Policy acquisition costs, net" on the Condensed Consolidated Statements of Operations.

Prior to January 1, 2026, Deferred acquisition costs included only the ceding commissions paid to insurance carriers for the risks assumed under quota share reinsurance agreements with those carriers. Effective January 1, 2026, the Company's accounting policy for Deferred acquisition costs also includes costs associated with policies issued through the Markel Fronting Arrangement (refer to Note 3 — Markel Fronting Arrangement) such as (i) third-party broker expense; (ii) certain salaries, benefits, and other costs associated with underwriting, selling, issuing, and processing policies; (iii) fees paid to the fronting carrier; and (iv) premium taxes.

Deferred acquisition costs are considered to be recoverable if the sum of expected future earned premiums exceeds expected future claims and expenses. Anticipated investment income is also a factor in the recoverability analysis. If, as a result of the recoverability analysis, a loss is determined to be probable, a premium deficiency reserve is recognized in the period in which such determination is made. As of June 30, 2026 and December 31, 2025, the Company did not have a premium deficiency reserve recorded related to its deferred acquisition costs.

**Reclassifications —** Beginning with its Quarterly Report on Form 10-Q ("Quarterly Report") for the period ended March 31, 2026, the Company updated certain line items presented in its Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets to reflect changes to its business resulting from the Markel Fronting Arrangement (refer to Note 3 — Markel Fronting Arrangement).

In the Condensed Consolidated Statements of Operations: (i) "Ceding commissions, net" was renamed "Policy acquisition costs, net" and expanded to include the amortization of Deferred acquisition costs associated with policies issued through the Markel Fronting Arrangement, as discussed above; (ii) expenses associated with the risk-taking activities of the Company's Insurance segment that were previously recorded within "Sales expense", "Salaries and benefits", "General and administrative expenses", and "Depreciation and amortization" have been reclassified within "Underwriting and other insurance expenses"; and (iii) expenses associated with the non-risk taking activities of the Insurance segment, the Marketplace segment, and corporate expenses that were previously recorded within "Sales expense", "Salaries and benefits", "General and administrative expenses", and "Depreciation and amortization" have been reclassified within "Selling, general, and administrative expenses".

On the Condensed Consolidated Balance Sheets, prior period contingent underwriting commission ("CUC") receivables previously reported within "Commissions receivable" have been reclassified to "Other assets" to conform to the current year presentation.

The reclassifications in the Condensed Consolidated Statements of Operations and the Condensed Consolidated Balance Sheets had no effect on previously reported net income or cash flows.

A comprehensive list of the Company's significant accounting policies is set forth in Note 2 — Summary of Significant Accounting Policies to the Consolidated Financial Statements contained in its Annual Report for the year ended December 31, 2025.

***Accounting Standards Not Yet Adopted***

**Income Statement Expenses —** In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03, *Disaggregation of Income Statement Expenses (ASC 220-40)*, which enables investors to better understand an entity's performance, assessing an entity's prospects for future cash flows, and comparing an entity's performance over time and with that of other entities. ASU No. 2024-03 primarily requires entities to disaggregate, in the notes to the financial statements, any relevant expense caption presented in the statement of operations within continuing operations into the following required natural expense categories: purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The new standard does not change the presentation of expense information in the Condensed Consolidated Statements of Operations. ASU 2024-03 is effective for annual periods beginning after December 15, 2026. The Company is still assessing the impact of ASU No. 2024-03 and, upon adoption, the Company may be required to include certain additional disclosures in its Condensed Consolidated Financial Statements.

**Internal-Use Software —** In September 2025, the FASB issued ASU No. 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software (ASC 350-40)*, which modernizes the accounting guidance for the costs to develop software for internal use. The targeted improvements primarily introduce a new capitalization threshold based on management's commitment to funding and the probability of project completion. It removes all references to a sequential software development method. The new standard does not change the types of costs eligible for capitalization, the point at which capitalization ends, or the associated amortization and impairment guidance. ASU 2025-06 is effective for annual periods beginning after December 15, 2027. The Company is still assessing the impact of ASU No. 2025-06.

**3 — Markel Fronting Arrangement**

The Company is party to a master relationship agreement and associated agency and claims services agreements with Markel. Under these agreements, the Company's U.S. MGA subsidiary is licensed and authorized to underwrite, sell, and service insurance policies written through Essentia, which serves as the dedicated carrier for Hagerty's specialty collector vehicle insurance policies in the U.S.

On December 31, 2025, the Company entered into new contractual arrangements and amended the terms of its existing contractual arrangements with Markel and its affiliates. These coordinated transactions with Markel formed the Markel Fronting Arrangement, which became effective January 1, 2026. Under the Markel Fronting Arrangement: (i) the Company continues to issue policies through Essentia, with its underwriting authority (including pricing decisions, rate filing, insurance rating, and risk selections) and claims authority expanded to the maximum levels permitted by applicable law; (ii) the Company assumed increased administrative responsibilities for the policies issued through Essentia; (iii) Hagerty Re controls 100% of the premium and assumes 100% of the risk for policies issued through Essentia; and (iv) Hagerty Re pays an initial fronting fee, representing 2% of written premium, to Markel for administrative support, which incrementally decreases based on the level of written premium in each calendar year.

Due to the expanded underwriting and claims authority granted under the Markel Fronting Arrangement, the Company now controls the Essentia book of business. While the Company's U.S. MGA subsidiary and Hagerty Re continue to operate in the same manner they have historically, beginning on January 1, 2026, the benefit of the Company's MGA services with respect to the Essentia book of business is being received by Hagerty Re and not Essentia. As a result, effective in the first quarter of 2026, the Company is no longer recognizing commission revenue or the associated ceding commission expense for Essentia-originated policies in its Condensed Consolidated Financial Statements. However, ceding commission expense associated with Essentia policies issued in 2025 is continuing to be recognized ratably over the remaining term of those policies throughout 2026. In addition, policy acquisition costs incurred by the Company's U.S. MGA subsidiary for Essentia policies issued in 2026 are being deferred and amortized over the policy term.

On December 31, 2025, in connection with the Markel Fronting Arrangement, the Company entered into a loss portfolio transfer agreement (the "LPT Agreement") that became effective on January 1, 2026. Pursuant to the LPT Agreement, Hagerty Re assumed 100% of the net retained liabilities for Essentia-originated policies issued prior to January 1, 2026 and received $50.5 million in cash consideration. The Company is accounting for the LPT Agreement using the deposit method of accounting. At inception, the Company recorded the $50.5 million of cash consideration received as a deposit liability within "Other liabilities" on the Condensed Consolidated Balance Sheets. As of June 30, 2026, the estimated ultimate value of the liabilities assumed under the LPT Agreement was approximately $39.4 million and the deferred gain as of June 30, 2026 of $11.1 million is being recognized over the expected period of future claim payments within "Interest expense and other, net" in the Condensed Consolidated Statements of Operations. The table below presents changes in the deposit liability associated with the LPT Agreement during the six months ended June 30, 2026:

| | *in thousands* |
|---|---|
| Balance as of January 1, 2026 | $ 50,500 |
| Amortization of deferred gain | (2,940) |
| Claim payments | (13,259) |
| Balance as of June 30, 2026 | $ 34,301 |

**4 — Supplemental Balance Sheet and Cash Flow Information**

***Cash and Cash Equivalents and Restricted Cash and Cash Equivalents***

As of June 30, 2026 and 2025, cash and cash equivalents and restricted cash and cash equivalents were as follows:

| | June 30, 2026 | June 30, 2025 |
|---|---|---|
| | *in thousands* | |
| Cash and cash equivalents | $ 298,302 | $ 140,300 |
| Restricted cash and cash equivalents | 169,333 | 190,286 |
| Total cash and cash equivalents and restricted cash and cash equivalents | $ 467,635 | $ 330,586 |

***Restricted Assets***

Hagerty Re maintains trust accounts for the benefit of ceding insurers as security for its obligations for losses, loss expenses, and unearned premium. The Company's wholly owned insurance carrier subsidiary, Drivers Edge Insurance Company ("Drivers Edge"), maintains assets on deposit with a number of regulatory authorities to support its insurance operations.

The Company's MGA subsidiaries collect premiums from insureds on behalf of various insurance carriers. Prior to remittance to the insurance carrier, these funds are required to be held in trust for the benefit of the insurance carriers and segregated from the Company's operating cash.

Broad Arrow Capital LLC ("BAC") and its consolidated subsidiaries maintain bank accounts that are required for the operation of the BAC Credit Facility (as defined in Note 14 — Debt). The funds in these bank accounts represent security under the BAC Credit Facility and their use is restricted to the servicing of the debt outstanding under that facility.

The following table presents the components of the Company's restricted assets as of June 30, 2026 and December 31, 2025:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| | *in thousands* | |
| Restricted cash and cash equivalents | $ 169,333 | $ 138,823 |
| Fixed maturity securities | 567,800 | 675,302 |
| Equity securities | — | 34,871 |
| Total restricted assets | $ 737,133 | $ 848,996 |

***Variable Interest Entities***

BAC and certain of its subsidiaries transfer notes receivable to wholly owned, bankruptcy-remote, special purpose entities (each, an "SPE") to secure borrowings under the BAC Credit Agreement (as defined in Note 14 — Debt).

These SPEs are considered to be variable interest entities (each, a "VIE") under GAAP and their financial statements are consolidated by BAC, which is the primary beneficiary of the SPEs and also a consolidated subsidiary of the Company. BAC is considered to be the primary beneficiary of the SPEs because it has (i) power over the significant activities of the SPEs through its role as servicer of the notes receivable used to secure borrowings under the BAC Credit Agreement; and (ii) the obligation to absorb losses or the right to receive returns that could be significant through its interest in the residual cash flows of the SPEs.

Refer to Note 8 — Notes Receivable and Note 14 — Debt for additional information.

The following table presents the assets and liabilities of the Company's consolidated VIEs as of June 30, 2026 and December 31, 2025:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| **ASSETS** | *in thousands* | |
| Cash and cash equivalents | $ 1,781 | $ 697 |
| Restricted cash and cash equivalents | 6,100 | 17,005 |
| Notes receivable | 109,736 | 81,740 |
| Other assets | 1,426 | 1,748 |
| TOTAL ASSETS | $ 119,043 | $ 101,190 |
| **LIABILITIES** | | |
| Accounts payable and accrued expenses | $ 663 | $ 524 |
| Debt, net | 87,526 | 68,423 |
| Other liabilities | 279 | 1,658 |
| TOTAL LIABILITIES | $ 88,468 | $ 70,605 |

***Supplemental Cash Flow Information***

The table below presents information regarding the Company's non-cash investing and financing activities, as well as the cash paid for interest and taxes for the six months ended June 30, 2026 and 2025:

| | Six months ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| Non-cash investing activities: | *in thousands* | |
| Issuance of notes receivable [1] | $ 11,645 | $ 9,816 |
| Collection of notes receivable [1] | $ 4,614 | $ 1,884 |
| Capital expenditures | $ 792 | $ 801 |
| Non-cash financing activities: | | |
| Exchange of THG units for shares of Class A Common Stock (Refer to Note 16) | $ 797 | $ 712 |
| Issuance of shares of Class A Common Stock resulting from the vesting of RSUs (Refer to Note 17) | $ 8,840 | $ 8,067 |
| Cash paid for interest | $ 6,033 | $ 4,337 |
| Cash paid for income taxes | $ 18,009 | $ 11,794 |

(1) In certain situations, BAC makes loans to refinance accounts receivable balances generated by Broad Arrow Group, Inc. ("Broad Arrow") auctions and private sales. These loans are accounted for on the Condensed Consolidated Balance Sheets as non-cash reclassifications between "Accounts receivable" and "Notes receivable" and are not presented within Investing Activities in the Company's Condensed Consolidated Statements of Cash Flows. Upon repayment, the cash received in settlement of such loans is classified within Operating Activities in the Company's Condensed Consolidated Statements of Cash Flows.

## 5 — Segment Reporting and Disaggregated Revenue

***Segment Reporting***

Due to the continued revenue growth and recent geographic expansion of Hagerty's marketplace business, beginning in the fourth quarter of 2025, the Company updated its segment reporting to reflect two operating and reportable segments: Insurance and Marketplace. Previously, the Company operated as a single operating and reportable segment. Prior period segment information has been recast to conform to the current presentation in this Quarterly Report.

The Insurance segment principally includes the Company's reinsurance and MGA operations, as well as its membership, events and media activities which support and enhance its insurance offerings. The Marketplace segment offers a trusted marketplace where automotive enthusiasts can buy, sell, and finance collector cars.

The Company's Chief Executive Officer ("CEO") and Chairman of its Board of Directors ("the Board") acts as the Chief Operating Decision Maker ("CODM"). The CODM evaluates performance and makes resource allocation decisions about the Company's reportable segments using a number of measures, including income before taxes, which is the Company's measure of segment profitability.

The CODM regularly receives information about the significant expenses of each reportable segment, including (i) Losses and loss adjustment expenses, net; (ii) Policy acquisition costs, net; (iii) Underwriting and other insurance expenses; (iv) Selling, general, and administrative expenses; and (v) Interest expense and other, net. These expenses are not regularly used by the CODM on a disaggregated basis for purposes of evaluating segment profitability. The Company does not report total assets by segment for internal or external reporting purposes as the Company's CODM does not receive segment balance sheets or assess performance, make strategic decisions, or allocate resources based on assets.

Income (loss) before taxes for each segment includes an allocation of attributable shared service expenses. Certain corporate expenses are excluded from segment income (loss) before taxes as they are not attributable to the operations of the reportable segments. These unallocated expenses are included in the reconciliation of total segment income (loss) before taxes to consolidated income (loss) before taxes below.

The tables below present the Company's segment information for the three and six months ended June 30, 2026 and 2025:

| | Three months ended June 30, 2026 | | |
|---|---|---|---|
| | Insurance | Marketplace | Total |
| | | *(in thousands)* | |
| REVENUES: | | | |
| Earned premium, net | $ 251,956 | $ — | $ 251,956 |
| Commission and fee revenue | 23,665 | — | 23,665 |
| Marketplace revenue | — | 39,658 | 39,658 |
| Membership and other revenue | 21,361 | — | 21,361 |
| Net investment income | 10,731 | 272 | 11,003 |
| Net investment gains | 7,179 | — | 7,179 |
| Total revenue | 314,892 | 39,930 | 354,822 |
| EXPENSES: | | | |
| Losses and loss adjustment expenses, net | 110,709 | — | 110,709 |
| Policy acquisition costs, net | 83,641 | — | 83,641 |
| Underwriting and other insurance expenses | 62,947 | — | 62,947 |
| Selling, general, and administrative expenses | 55,931 | 38,984 | 94,915 |
| Interest expense and other, net | (1,103) | (106) | (1,209) |
| Total segment expenses | 312,125 | 38,878 | 351,003 |
| Segment income before taxes | 2,767 | 1,052 | 3,819 |
| Corporate expenses | | | (350) |
| Interest expense | | | (1,237) |
| Income before taxes | | | $ 2,232 |

| | Three months ended June 30, 2025 | | |
|---|---|---|---|
| | Insurance | Marketplace | Total |
| | | *(in thousands)* | |
| REVENUES: | | | |
| Earned premium, net | $ 177,785 | $ — | $ 177,785 |
| Commission and fee revenue | 143,287 | — | 143,287 |
| Marketplace revenue | — | 26,886 | 26,886 |
| Membership and other revenue | 20,741 | — | 20,741 |
| Net investment income | 9,287 | 129 | 9,416 |
| Net investment gains | 1,194 | — | 1,194 |
| Total revenue | 352,294 | 27,015 | 379,309 |
| EXPENSES: | | | |
| Losses and loss adjustment expenses, net | 75,213 | — | 75,213 |
| Policy acquisition costs, net | 82,938 | — | 82,938 |
| Underwriting and other insurance expenses | 1,222 | — | 1,222 |
| Selling, general, and administrative expenses | 131,634 | 29,165 | 160,799 |
| Interest expense and other, net | 528 | (144) | 384 |
| Total segment expenses | 291,535 | 29,021 | 320,556 |
| Segment income (loss) before taxes | 60,759 | (2,006) | 58,753 |
| Corporate expenses | | | (828) |
| Interest expense | | | (1,484) |
| Change in TRA Liability | | | (3,078) |
| Income before taxes | | | $ 53,363 |

| | Six months ended June 30, 2026 | | |
|---|---|---|---|
| | Insurance | Marketplace | Total |
| REVENUES: | | *(in thousands)* | |
| Earned premium, net | $ 491,598 | $ — | $ 491,598 |
| Commission and fee revenue | 40,100 | — | 40,100 |
| Marketplace revenue | — | 65,310 | 65,310 |
| Membership and other revenue | 43,488 | — | 43,488 |
| Net investment income | 20,745 | 521 | 21,266 |
| Net investment gains | 4,890 | — | 4,890 |
| Total revenue | 600,821 | 65,831 | 666,652 |
| EXPENSES: | | | |
| Losses and loss adjustment expenses, net | 208,628 | — | 208,628 |
| Policy acquisition costs, net | 185,563 | — | 185,563 |
| Underwriting and other insurance expenses | 122,535 | — | 122,535 |
| Selling, general, and administrative expenses | 102,797 | 64,256 | 167,053 |
| Interest expense and other, net | (1,119) | (263) | (1,382) |
| Total segment expenses | 618,404 | 63,993 | 682,397 |
| Segment income (loss) before taxes | (17,583) | 1,838 | (15,745) |
| Corporate expenses | | | (628) |
| Interest expense | | | (2,332) |
| Loss before taxes | | | $ (18,705) |

| | Six months ended June 30, 2025 | | |
|---|---|---|---|
| | Insurance | Marketplace | Total |
| REVENUES: | | *(in thousands)* | |
| Earned premium, net | $ 347,140 | $ — | $ 347,140 |
| Commission and fee revenue | 243,574 | — | 243,574 |
| Marketplace revenue | — | 55,972 | 55,972 |
| Membership and other revenue | 41,606 | — | 41,606 |
| Net investment income | 18,170 | 304 | 18,474 |
| Net investment gains | 879 | — | 879 |
| Total revenue | 651,369 | 56,276 | 707,645 |
| EXPENSES: | | | |
| Losses and loss adjustment expenses, net | 146,343 | — | 146,343 |
| Policy acquisition costs, net | 160,271 | — | 160,271 |
| Underwriting and other insurance expenses | 2,579 | — | 2,579 |
| Selling, general, and administrative expenses | 247,575 | 57,004 | 304,579 |
| Interest expense and other, net | 940 | (260) | 680 |
| Total segment expenses | 557,708 | 56,744 | 614,452 |
| Segment income (loss) before taxes | 93,661 | (468) | 93,193 |
| Corporate expenses | | | (1,093) |
| Interest expense | | | (2,877) |
| Change in TRA Liability | | | (3,078) |
| Income before taxes | | | $ 86,145 |

***Disaggregation of Revenue***

The following tables present revenues from customer contracts that are recognized in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), disaggregated by geographic area, as well as a reconciliation to total revenue for the three and six months ended June 30, 2026 and 2025:

| | Three months ended June 30, 2026 | | |
|---|---|---|---|
| | Insurance | Marketplace | Total |
| | | *in thousands* | |
| United States | $ 29,153 | $ 18,449 | $ 47,602 |
| International | 15,873 | 17,351 | 33,224 |
| Total revenue from customer contracts | 45,026 | 35,800 | 80,826 |
| Earned premium, net | 251,956 | — | 251,956 |
| Net investment income | 10,731 | 272 | 11,003 |
| Net investment gains | 7,179 | — | 7,179 |
| Finance revenue | — | 3,858 | 3,858 |
| Total revenue | $ 314,892 | $ 39,930 | $ 354,822 |

| | Three months ended June 30, 2025 | | |
|---|---|---|---|
| | Insurance | Marketplace | Total |
| | | *in thousands* | |
| United States | $ 149,030 | $ 17,655 | $ 166,685 |
| International | 14,998 | 6,748 | 21,746 |
| Total revenue from customer contracts | 164,028 | 24,403 | 188,431 |
| Earned premium, net | 177,785 | — | 177,785 |
| Net investment income | 9,287 | 129 | 9,416 |
| Net investment gains | 1,194 | — | 1,194 |
| Finance revenue | — | 2,483 | 2,483 |
| Total revenue | $ 352,294 | $ 27,015 | $ 379,309 |

| | Six months ended June 30, 2026 | | |
|---|---|---|---|
| | Insurance | Marketplace | Total |
| | | *in thousands* | |
| United States | $ 60,131 | $ 35,480 | $ 95,611 |
| International | 23,457 | 22,851 | 46,308 |
| Total revenue from customer contracts | 83,588 | 58,331 | 141,919 |
| Earned premium, net | 491,598 | — | 491,598 |
| Net investment income | 20,745 | 521 | 21,266 |
| Net investment gains | 4,890 | — | 4,890 |
| Finance revenue | — | 6,979 | 6,979 |
| Total revenue | $ 600,821 | $ 65,831 | $ 666,652 |

| | Six months ended June 30, 2025 | | |
|---|---|---|---|
| | Insurance | Marketplace | Total |
| | | *in thousands* | |
| United States | $ 264,330 | $ 43,750 | $ 308,080 |
| International | 20,850 | 7,893 | 28,743 |
| Total revenue from customer contracts | 285,180 | 51,643 | 336,823 |
| Earned premium, net | 347,140 | — | 347,140 |
| Net investment income | 18,170 | 304 | 18,474 |
| Net investment gains | 879 | — | 879 |
| Finance revenue | — | 4,329 | 4,329 |
| Total revenue | $ 651,369 | $ 56,276 | $ 707,645 |

Commission and fee revenue is earned through two distribution channels: direct and agent. Revenue earned from the direct distribution channel includes revenue generated by Hagerty's employee agents. Revenue earned from the agent distribution channel includes revenue generated through the Company's insurance distribution partnerships, as well as its relationships with independent agents and brokers. The tables below present the Company's revenue by distribution channel for the three and six months ended June 30, 2026 and 2025:

| | Three months ended June 30, 2026 | | |
|---|---|---|---|
| | Agent | Direct | Total |
| | | *in thousands* | |
| Commission and fee revenue | $ 14,534 | $ 9,000 | $ 23,534 |
| Contingent commission | (324) | 455 | 131 |
| Total commission and fee revenue | $ 14,210 | $ 9,455 | $ 23,665 |

| | Three months ended June 30, 2025 | | |
|---|---|---|---|
| | Agent | Direct | Total |
| | | *in thousands* | |
| Commission and fee revenue | $ 69,678 | $ 58,755 | $ 128,433 |
| Contingent commission | 8,102 | 6,752 | 14,854 |
| Total commission and fee revenue | $ 77,780 | $ 65,507 | $ 143,287 |

| | Six months ended June 30, 2026 | | |
|---|---|---|---|
| | Agent | Direct | Total |
| | | *in thousands* | |
| Commission and fee revenue | $ 24,346 | $ 12,915 | $ 37,261 |
| Contingent commission | 1,091 | 1,748 | 2,839 |
| Total commission and fee revenue | $ 25,437 | $ 14,663 | $ 40,100 |

| | Six months ended June 30, 2025 | | |
|---|---|---|---|
| | Agent | Direct | Total |
| | | *in thousands* | |
| Commission and fee revenue | $ 118,770 | $ 98,833 | $ 217,603 |
| Contingent commission | 13,886 | 12,085 | 25,971 |
| Total commission and fee revenue | $ 132,656 | $ 110,918 | $ 243,574 |

Refer to Note 13 — Reinsurance for information regarding "Earned premium, net", Note 6 — Investments for information regarding "Net investment income" and "Net investment gains", and Note 8 — Notes Receivable for information regarding "Finance revenue".

***Contract Assets***

Contract assets, primarily consisting of CUC receivables, are reported within "Other assets" on the Condensed Consolidated Balance Sheets. As of June 30, 2026 and December 31, 2025, the Company had contract assets of $1.6 million and $18.2 million, respectively. The decrease as of June 30, 2026 is primarily a result of the Markel Fronting Arrangement, as the Company no longer earns a CUC from policies issued by Essentia.

***Contract Liabilities***

Contract liabilities consist of cash collected in advance of revenue recognition and primarily relates to the unrecognized portion of HDC membership fees, the unrecognized portion of the advanced commission payment received from State Farm Mutual Automobile Insurance Company ("State Farm"), and, to a much lesser extent, cash collected in advance of the completion of marketplace private sales. As of June 30, 2026 and December 31, 2025, the Company had contract liabilities of $50.8 million and $46.5 million, respectively.

**6 — Investments**

The Company holds a diversified investment portfolio, consisting of fixed maturity securities and, to a much lesser extent, equity securities such as common stocks and exchange traded funds. The Company's fixed maturity securities are classified as available-for-sale.

The following tables summarize the Company's available-for-sale investments as of June 30, 2026 and December 31, 2025:

| | June 30, 2026 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Fixed maturity securities: | *in thousands* | | | |
| Corporate | $ 291,301 | $ 1,410 | $ (1,673) | $ 291,038 |
| U.S. Treasury | 110,186 | 41 | (1,289) | 108,938 |
| States and municipalities | 37,683 | 382 | (227) | 37,838 |
| Foreign | 32,369 | 29 | (73) | 32,325 |
| Asset-backed securities | 76,881 | 243 | (206) | 76,918 |
| Mortgage-backed securities | 154,063 | 1,595 | (1,154) | 154,504 |
| Total fixed maturity securities | $ 702,483 | $ 3,700 | $ (4,622) | $ 701,561 |

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Fixed maturity securities: | *in thousands* | | | |
| Corporate | $ 262,302 | $ 3,982 | $ (116) | $ 266,168 |
| U.S. Treasury | 181,077 | 701 | (161) | 181,617 |
| States and municipalities | 29,182 | 967 | (3) | 30,146 |
| Foreign | 33,000 | 54 | (62) | 32,992 |
| Asset-backed securities | 31,899 | 394 | (42) | 32,251 |
| Mortgage-backed securities | 150,353 | 3,026 | (282) | 153,097 |
| Total fixed maturity securities | $ 687,813 | $ 9,124 | $ (666) | $ 696,271 |

***Security holdings in an unrealized loss position***

The following table summarizes gross unrealized losses and the estimated fair value of available-for-sale fixed maturity securities that have continuously been in an unrealized loss position, as well as the length of time that such securities were in an unrealized loss position, as of June 30, 2026 and December 31, 2025:

| | June 30, 2026 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or longer | | Total | |
| | Estimated fair value | Gross unrealized losses | Estimated fair value | Gross unrealized losses | Estimated fair value | Gross unrealized losses |
| Fixed maturity securities: | | | *in thousands* | | | |
| Corporate | $ 107,009 | $ (1,660) | $ 324 | $ (13) | $ 107,333 | $ (1,673) |
| U.S. Treasury | 93,738 | (1,289) | — | — | 93,738 | (1,289) |
| States and municipalities | 15,271 | (227) | — | — | 15,271 | (227) |
| Foreign | 18,910 | (73) | — | — | 18,910 | (73) |
| Asset-backed securities | 33,481 | (206) | — | — | 33,481 | (206) |
| Mortgage-backed securities | 69,641 | (1,154) | — | — | 69,641 | (1,154) |
| Total fixed maturity securities | $ 338,050 | $ (4,609) | $ 324 | $ (13) | $ 338,374 | $ (4,622) |

| | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or longer | | Total | |
| | Estimated fair value | Gross unrealized losses | Estimated fair value | Gross unrealized losses | Estimated fair value | Gross unrealized losses |
| Fixed maturity securities: | | | *in thousands* | | | |
| Corporate | $ 6,307 | $ (7) | $ 9,461 | $ (108) | $ 15,768 | $ (115) |
| U.S. Treasury | 35,150 | (83) | 14,948 | (78) | 50,098 | (161) |
| States and municipalities | 880 | (3) | — | — | 880 | (3) |
| Foreign | 17,009 | (62) | — | — | 17,009 | (62) |
| Asset-backed securities | 1,771 | (5) | 1,881 | (37) | 3,652 | (42) |
| Mortgage-backed securities | 10,312 | (4) | 20,889 | (279) | 31,201 | (283) |
| Total fixed maturity securities | $ 71,429 | $ (164) | $ 47,179 | $ (502) | $ 118,608 | $ (666) |

The Company regularly reviews all fixed maturity securities within its investment portfolio to determine whether a credit loss has occurred. Based on the Company's review as of June 30, 2026 and December 31, 2025, unrealized losses were a result of interest rate changes, not a decline in the creditworthiness of the issuers. Accordingly, no allowance for credit loss was recorded as of June 30, 2026 and December 31, 2025.

***Contractual maturities of available-for-sale fixed maturity securities***

The following table summarizes the contractual maturities of the Company's available-for-sale investments as of June 30, 2026:

| | Amortized Cost | Estimated Fair Value |
|---|---|---|
| | *in thousands* | |
| Due in one year or less | $ 73,526 | $ 73,762 |
| Due after one year through five years | 296,619 | 295,562 |
| Due after five years through ten years | 101,027 | 100,449 |
| Due after ten years | 367 | 366 |
| Mortgage-backed and asset-backed securities | 230,944 | 231,422 |
| Total fixed maturity securities | $ 702,483 | $ 701,561 |

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

***Net investment income***

The following table presents the components of "Net investment income" reported in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2026 and 2025:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Interest income: | *in thousands* | | | |
| Cash and cash equivalents and restricted cash and cash equivalents | $ 2,012 | $ 2,564 | $ 4,102 | $ 4,724 |
| Fixed maturity securities | 9,021 | 6,943 | 17,164 | 13,928 |
| Total interest income | 11,033 | 9,507 | 21,266 | 18,652 |
| Dividends on equity securities | 157 | 39 | 364 | 79 |
| Gross investment income | 11,190 | 9,546 | 21,630 | 18,731 |
| Investment expenses | (187) | (130) | (364) | (257) |
| Net investment income | $ 11,003 | $ 9,416 | $ 21,266 | $ 18,474 |

***Net realized and unrealized gains (losses) on investments***

The table below presents the components of pre-tax "Net investment gains" reported in the Condensed Consolidated Statements of Operations and the pre-tax change in net unrealized gains (losses) included in the Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2026 and 2025. The gross amounts of realized investment gains and losses on fixed maturity securities were not material to the Condensed Consolidated Financial Statements and are presented on a net basis in the table below:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Fixed maturity securities: | *in thousands* | | | |
| Net realized investment gains | $ 38 | $ 16 | $ 452 | $ 231 |
| Equity securities: | | | | |
| Total change in fair value of equity securities | 7,141 | 1,178 | 4,438 | 648 |
| Net investment gains | $ 7,179 | $ 1,194 | $ 4,890 | $ 879 |
| Change in net unrealized gains (losses) on available-for-sale investments included in Other comprehensive income (loss): | | | | |
| Fixed maturity securities | $ (3,097) | $ 1,323 | $ (9,361) | $ 6,421 |

**7 — Fair Value Measurements**

Fair value measurements are classified within one of three levels in the fair value hierarchy. The level assigned to a fair value measurement is based on the lowest level input that management judges to be significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy are as follows:

- Level 1 — Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date for substantially the full term of the asset or liability.
- Level 3 — Pricing inputs are unobservable, but management believes that such inputs are predicated on the assumptions market participants would use to measure the asset or liability at fair value.

The Company's policy is to recognize significant transfers between levels, if any, at the end of the reporting period. There were no transfers between levels during the current and prior reporting periods.

***Investments***

Fixed maturity securities are classified as Level 2 within the fair value hierarchy and equity securities are classified as Level 1. The fair value of these investments is determined after considering various sources of information, including information provided by a third-party pricing service, which provides prices for substantially all of the Company's fixed maturity securities and equity securities. In determining fair value, the Company generally does not adjust the prices obtained from the pricing service. The Company obtains an understanding of the pricing service's valuation methodologies and related inputs, which include, but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers, duration, credit ratings, estimated cash flows, and prepayment speeds.

Refer to Note 6 — Investments for additional information related to the Company's investment portfolio.

***Summary of assets and liabilities measured at fair value***

The fair values of the Company's financial assets as of June 30, 2026 and December 31, 2025 are shown in the following tables:

| | Estimated Fair Value as of June 30, 2026 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Investments: | *in thousands* | | | |
| Corporate | $ 291,038 | $ — | $ 291,038 | $ — |
| U.S. Treasury | 108,938 | — | 108,938 | — |
| States and municipalities | 37,838 | — | 37,838 | — |
| Foreign | 32,325 | — | 32,325 | — |
| Asset-backed securities | 76,918 | — | 76,918 | — |
| Mortgage-backed securities | 154,504 | — | 154,504 | — |
| Exchange traded funds | 54,945 | 54,945 | — | — |
| Total | $ 756,506 | $ 54,945 | $ 701,561 | $ — |

| | Estimated Fair Value as of December 31, 2025 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Investments: | *in thousands* | | | |
| Corporate | $ 266,168 | $ — | $ 266,168 | $ — |
| U.S. Treasury | 181,617 | — | 181,617 | — |
| States and municipalities | 30,146 | — | 30,146 | — |
| Foreign | 32,992 | — | 32,992 | — |
| Asset-backed securities | 32,251 | — | 32,251 | — |
| Mortgage-backed securities | 153,097 | — | 153,097 | — |
| Common stocks | 34,871 | 34,871 | — | — |
| Total | $ 731,142 | $ 34,871 | $ 696,271 | $ — |

**8 — Notes Receivable**

***Broad Arrow Capital***

BAC provides financing solutions to qualified collectors and businesses by structuring and issuing loans secured by collector cars. The loans underwritten by BAC include term loans and short-term bridge loans. The loans underwritten by BAC are recorded within "Notes receivable" on the Condensed Consolidated Balance Sheets.

Loans carry either a fixed or variable rate of interest and typically require periodic interest payments over the life of the loan with the principal amount due at maturity. Loans have an initial maturity of up to two years, often with an option for the borrower to renew for one year increments, provided the borrower remains in good standing, including maintaining a specified targeted loan-to-value ("LTV") ratio for the loan. The loans underwritten by BAC are classified as Level 3 within the fair value hierarchy, with the carrying values of the loans approximating their fair values due to the relatively short-term maturities and the variable interest rates associated with most loans. The lending activities of BAC are funded, in part, with borrowings drawn from the BAC Credit Facility, with the remainder funded by the Company's available liquidity. Refer to Note 14 — Debt for additional information regarding the BAC Credit Facility.

BAC aims to mitigate the risk associated with a potential devaluation in collateral by targeting an LTV ratio of 65% or less (i.e., the principal loan amount divided by the estimated value of the collateral at the time of underwriting). The LTV ratio is reassessed on a quarterly basis or if the loan is renewed. The LTV ratio is reassessed more frequently if there is a material change in the circumstances related to the loan, including if there is a material change in the value of the collateral, a material change in the borrower's disposal plans for the collateral, or if an event of default occurs. If, as a result of this reassessment, the LTV ratio increases above the target level, the borrower may be asked to make principal payments and/or post sufficient additional collateral to reduce the LTV ratio as a condition of future financing, renewal, or to avoid a default. In the event of a default by a borrower, BAC is entitled to sell the collateral to recover the outstanding principal, accrued interest balance, and any expenses incurred with respect to the recovery process.

Management considers the valuation of the underlying collateral and the LTV ratio to be the two most critical credit quality indicators for the loans made by BAC. In estimating the value of the underlying collateral for BAC's loans, management utilizes its expertise in the collector car market and considers an array of factors impacting the current and expected sale value of each car including the year, make, model, mileage, history, and in the case of classic cars, the provenance, quality of restoration (if applicable), the originality of the body, chassis, and mechanical components, and comparable market transaction values.

The repayment of BAC's loans can be adversely impacted by a borrower's deteriorating financial circumstances, a decline in the collector car market in general or in the value of the collateral, which may be concentrated within certain marques, vintages, or types of cars. In addition, in situations when BAC's claim on the collateral is subject to a legal dispute, the ability to realize proceeds from the collateral may be limited or delayed.

As of June 30, 2026 and December 31, 2025, BAC's net Notes receivable balance was approximately $148.1 million and $104.3 million, respectively, including accrued interest.

The table below provides the aggregate LTV ratio for BAC's loan portfolio as of June 30, 2026 and December 31, 2025:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| | *in thousands* | |
| Secured loans | $ 146,550 | $ 103,338 |
| Estimate of collateral value | $ 262,881 | $ 199,628 |
| Aggregate LTV ratio | 55.7 % | 51.8 % |

Management considers a loan to be past due when an interest payment is not paid within 10 business days of the monthly due date, or if the principal amount is not repaid by the contractual maturity date. Typically, a loan becomes past due only for a short period of time during which the loan is renewed or collateral is sold to satisfy the borrower's obligations. As of June 30, 2026 and December 31, 2025, the amount of past due principal and interest payments was not material.

A non-accrual loan is a loan for which future finance revenue is not recorded due to management's determination that it is probable that future interest on the loan will not be collectible. When a loan is placed on non-accrual status, any accrued interest receivable deemed not collectible is reversed against finance revenue. Any cash receipts subsequently received on non-accrual loans are first applied to reduce the recorded principal balance of the loan, with any proceeds in excess of the principal balance then applied to interest and expenses owed by the borrower. As of June 30, 2026 and December 31, 2025, there were no non-accrual loans.

As of June 30, 2026 and December 31, 2025, there was no allowance for expected credit losses related to the BAC loan portfolio based on management's quarterly evaluation, which takes into consideration a number of factors including the level of historical losses for similar loans, the quality of the collateral, the low LTV ratio of the loans, management's overall assessment of the current circumstances and risks related to each loan, and, to a lesser extent, the circumstances related to each borrower.

***Other Notes Receivable***

From time-to-time, Broad Arrow provides short-term financing to its auction or private sale buyers in situations when the terms or length of financing may not qualify and/or is too short to fund efficiently with a BAC loan. The resulting loans are typically interest-bearing with required periodic interest payments and, in certain cases, required periodic principal payments. Broad Arrow typically retains a security interest in the vehicle(s) related to these loans. As of June 30, 2026 and December 31, 2025, the Notes receivable balance related to these loans was $3.9 million and $8.9 million, respectively, including accrued interest.

Broad Arrow also makes consignor advances secured by vehicle(s) that are contractually committed, in the near term, to be offered for sale at auction or as a private sale. Consignor advances allow sellers to receive funds upon consignment for an auction or for a private sale that will occur up to one year in the future and normally have short-term maturities. In the event the vehicle(s) are not successfully sold at auction or in a private sale, the consignor is required to repay the outstanding principal and accrued interest of the advance or convert the advance to a BAC loan. As of June 30, 2026 and December 31, 2025, the outstanding Notes receivable balance associated with consignor advances was $1.3 million and $0.1 million, respectively.

Under certain circumstances, Broad Arrow also provides loans to certain well-established car dealers to finance the purchase of vehicle(s), retaining a security interest in the purchased vehicle. In certain situations, Broad Arrow acquires a partial ownership interest in the vehicle(s) in addition to providing the loan. Upon the eventual sale of the acquired vehicle(s), the loan is repaid and Broad Arrow retains a pro rata share of the profit(s) or loss(es). There was no outstanding Notes receivable balance associated with these loans as of June 30, 2026. As of December 31, 2025, the Notes receivable balance related to these loans was $0.6 million.

These loans are classified in the Condensed Consolidated Statements of Cash Flows within Operating Activities as they are made in support of Broad Arrow's auction and private sale activities.

***Concentration Risk***

As of June 30, 2026, there was one borrower with a loan balance that exceeded 10% of the total notes receivable balance, with a loan of $16.3 million representing 10.7% of the total balance. As of June 30, 2026, the collateral value related to this loan was $32.9 million, with a LTV ratio of 49.5%.

**9 — Other Assets**

As of June 30, 2026 and December 31, 2025, other assets consisted of:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| | *in thousands* | |
| Prepaid software-as-a-service ("SaaS") implementation costs | $ 59,620 | $ 56,971 |
| Prepaid selling, general, and administrative expenses | 24,851 | 20,707 |
| Inventory [(1)] | 24,893 | 12,410 |
| Property and equipment, net | 16,655 | 16,253 |
| Lease right-of-use assets [(2)] | 37,702 | 40,657 |
| Contract assets | 1,561 | 18,233 |
| Costs to obtain contracts with customers | 8,640 | 9,965 |
| Ceded commission receivable | 9,275 | 8,004 |
| Other investments [(3)] | 10,758 | 10,135 |
| Accrued investment income | 6,108 | 5,613 |
| Deferred financing costs related to revolving credit facilities | 3,169 | 3,707 |
| Other [(4)] | 6,203 | 5,331 |
| Other assets | $ 209,435 | $ 207,986 |

(1) Inventory primarily includes vehicles owned by Broad Arrow that have been purchased for resale purposes.
(2) Refer to Note 10 — Leases for additional information.
(3) Other investments includes strategic investments, which are classified as Level 3 within the fair value hierarchy. Based on the nature and size of these investments, the carrying values approximate their fair values.
(4) As of June 30, 2026, Other primarily included $2.7 million of collector vehicle investments, $1.1 million related to capitalized digital media content, and $1.1 million of business tax recoverables. As of December 31, 2025, Other primarily included $2.7 million of collector vehicle investments, $1.4 million related to capitalized digital media content, and $1.0 million of business tax recoverables.

**10 — Leases**

The following table summarizes the components of the Company's operating lease expense for the three and six months ended June 30, 2026 and 2025:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | *in thousands* | | | |
| Operating lease expense [1] | $ 2,066 | $ 2,116 | $ 4,174 | $ 4,226 |
| Variable lease expense [1] [2] | 1,304 | 874 | 2,171 | 1,768 |
| Sublease revenue [3] | (226) | (254) | (449) | (555) |
| Lease cost, net | $ 3,144 | $ 2,736 | $ 5,896 | $ 5,439 |

(1) Classified within "Selling, general, and administrative expenses" in the Condensed Consolidated Statements of Operations.
(2) Includes maintenance, taxes, insurance, and payments affected by the Consumer Price Index.
(3) Classified within "Membership and other revenue" in the Condensed Consolidated Statements of Operations.

The following table summarizes supplemental balance sheet information related to operating leases as of June 30, 2026 and December 31, 2025:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| | *dollars in thousands* | |
| ROU assets obtained in exchange for new operating lease liabilities during the period | $ 206 | $ 2,446 |
| Weighted average lease term | 7.15 | 7.48 |
| Weighted average discount rate | 5.1 % | 5.1 % |

The following table summarizes information about the amount and timing of the Company's future operating lease commitments as of June 30, 2026:

| | *in thousands* |
|---|---|
| 2026 - remaining | $ 4,416 |
| 2027 | 8,655 |
| 2028 | 8,491 |
| 2029 | 6,651 |
| 2030 | 5,358 |
| Thereafter | 17,376 |
| Total lease payments | 50,947 |
| Less: imputed interest | (8,587) |
| Total lease liabilities | $ 42,360 |

**11 — Intangible Assets**

The cost and accumulated amortization of intangible assets as of June 30, 2026 and December 31, 2025 are as follows:

| | June 30, 2026 | | | |
|---|---|---|---|---|
| | Weighted average useful life | Gross carrying amount | Accumulated amortization | Net carrying amount |
| | *dollars in thousands* | | | |
| Internally developed software | 3.4 | $ 166,260 | $ (110,158) | $ 56,102 |
| Renewal rights | 10.0 | 21,374 | (11,575) | 9,799 |
| Trade names and trademarks | 14.2 | 11,867 | (4,979) | 6,888 |
| State licenses | Indefinite | 11,263 | — | 11,263 |
| Relationships and customer lists | 15.5 | 7,900 | (2,637) | 5,263 |
| Other | 3.5 | 577 | (577) | — |
| Total intangible assets | | $ 219,241 | $ (129,926) | $ 89,315 |

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Weighted average useful life | Gross carrying amount | Accumulated amortization | Net carrying amount |
| | *dollars in thousands* | | | |
| Internally developed software | 3.4 | $ 155,933 | $ (102,326) | $ 53,607 |
| Renewal rights | 10.0 | 21,740 | (10,693) | 11,047 |
| Trade names and trademarks | 14.2 | 11,867 | (4,402) | 7,465 |
| State licenses | Indefinite | 11,263 | — | 11,263 |
| Relationships and customer lists | 15.5 | 7,913 | (2,380) | 5,533 |
| Other | 3.5 | 580 | (580) | — |
| Total intangible assets | | $ 209,296 | $ (120,381) | $ 88,915 |

Intangible asset amortization expense was $5.7 million and $5.8 million for the three months ended June 30, 2026 and 2025, respectively, and $11.3 million and $12.2 million for the six months ended June 30, 2026 and 2025, respectively.

Estimated future aggregate amortization expense related to intangible assets as of June 30, 2026 is as follows:

| | *in thousands* |
|---|---|
| 2026 - remaining | $ 12,682 |
| 2027 | 24,726 |
| 2028 | 19,232 |
| 2029 | 9,558 |
| 2030 | 2,952 |
| Thereafter | 8,902 |
| Total | $ 78,052 |

**12 — Reserves for Unpaid Losses and Loss Adjustment Expenses**

The following table presents a reconciliation of the beginning and ending reserves for unpaid losses and loss adjustment expenses, net of amounts recoverable from various reinsurers:

| | Six months ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| | *in thousands* | |
| Gross reserves for unpaid losses and loss adjustment expenses, beginning | $ 168,851 | $ 168,492 |
| Less: Reinsurance recoverable on unpaid losses and loss adjustment expenses | 5,644 | 5,769 |
| Net reserves for unpaid losses and loss adjustment expenses, beginning | 163,207 | 162,723 |
| Incurred losses and loss adjustment expenses: | | |
| Current accident year | 214,762 | 146,343 |
| Prior accident years | (6,134) | — |
| Total incurred losses and loss adjustment expenses | 208,628 | 146,343 |
| Payments: | | |
| Current accident year | 84,679 | 21,250 |
| Prior accident years | 57,152 | 47,244 |
| Total payments | 141,831 | 68,494 |
| Effect of foreign currency rate changes | (641) | 233 |
| Net reserves for unpaid losses and loss adjustment expenses, ending | 229,363 | 240,805 |
| Reinsurance recoverable on unpaid losses and loss adjustment expenses | 12,342 | 18,138 |
| Gross reserves for unpaid losses and loss adjustment expenses, ending | $ 241,705 | $ 258,943 |

During the six months ended June 30, 2026, loss experience developed favorably resulting in a $6.1 million reserve reduction, primarily driven by the continued emergence of lower physical damage losses for the 2025 accident year. During the six months ended June 30, 2025, losses and loss adjustment expenses included $10.3 million of pre-tax losses related to the Southern California Wildfires.

***Reserving Methodology***

The Company records a quarterly estimate of losses and loss adjustment expenses for the current accident year using an annual loss ratio, which is based on statistical analysis performed by its internal and external actuarial teams. The annual loss ratio is reviewed regularly throughout the year and adjusted, as necessary. Management believes this approach provides a more consistent view of loss experience over the year given the seasonality of the Company's business.

The reserves for unpaid losses and loss adjustment expenses recorded on the Condensed Consolidated Balance Sheets represents (i) the difference between management's estimate of the ultimate cost of losses and loss adjustment expenses incurred by the Company; and (ii) the amount of paid losses and loss adjustment expenses as of the reporting date. These reserves reflect management's best estimate of unpaid losses related to reported claims and IBNR claims and also include management's best estimate of all expenses associated with processing and settling reported and unreported claims.

Reserves are reviewed by management quarterly and monitored throughout the year by combining historical results and current actual results. Claims are analyzed and reported based on the year in which the loss occurred (i.e., on an accident year basis). Accident year data is classified and utilized within actuarial models to prepare estimates of required reserves for payments to be made in the future.

When estimating reserves, the Company utilizes several actuarial reserving methods which consider historical claim reporting patterns, claim cycle time, claim frequency and severity, claims settlement practices, adequacy of case reserves over time, seasonality, and current economic conditions. Reserve estimates produced by various actuarial reserving methods are further analyzed to determine the actuarial central estimate which represents the expected value over the range of reasonably possible outcomes.

Any adjustments to the Company's reserves for unpaid losses and loss adjustment expenses are recognized in its Condensed Consolidated Statements of Operations in the period in which management determines that an adjustment is necessary.

**13 — Reinsurance**

Hagerty Re assumes risk through the Markel Fronting Arrangement and through quota share arrangements with insurance carriers, including Drivers Edge, a wholly owned subsidiary. Separately, the Company purchases excess-of-loss ("XOL") reinsurance to manage risk exposure and safeguard capital. In addition, the Company enters into quota share reinsurance agreements under which it cedes a portion of its underwriting risk to highly rated reinsurers, thereby limiting the financial impact of potential losses. These reinsurance arrangements do not relieve the Company of its primary obligations to policyholders under the terms of its insurance contracts. The Company partners with reinsurers that are rated A- (Excellent) or better by A.M. Best or that fully collateralize their maximum obligations under the applicable agreements.

Ceding commissions are recognized ratably over the terms of the related policies, which are generally 12 months, and are recorded within "Policy acquisition costs, net" in the Condensed Consolidated Statements of Operations. Deferred portions of ceding commissions received are included in "Deferred acquisition costs, net" on the Condensed Consolidated Balance Sheets.

Hagerty Re renegotiated its catastrophe reinsurance coverage effective January 1, 2026, with terms similar to 2025. The 2026 catastrophe reinsurance program affords coverage for policies with total insured values ("TIV") of up to $5.0 million in excess of a per event retention of $35.0 million in two layers; $35.0 million excess of $35.0 million, and $63.0 million excess of $70.0 million.

In addition to the Company's XOL reinsurance, Hagerty Re cedes 100% of its physical damage exposure on U.S. policies written or renewed with TIV equal to or greater than $5.0 million ("High-Net-Worth Accounts") via quota share agreements with various reinsurers. Hagerty Re receives ceding commissions related to premiums ceded under reinsurance contracts related to these High-Net-Worth Accounts. Certain reinsurers involved in these quota share agreements are related parties. Hagerty Re also purchases facultative reinsurance to cede a portion of the physical damage exposure related to certain high value vehicles.

Refer to Note 20 — Related-Party Transactions for additional information on reinsurance transactions with Markel and State Farm.

The following table presents the Company's total premiums on a written and earned basis for the three and six months ended June 30, 2026 and 2025:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Premiums written: | *in thousands* | | | |
| Assumed | $ 361,318 | $ 247,812 | $ 711,553 | $ 423,323 |
| Ceded | (28,166) | (11,209) | (61,055) | (31,069) |
| Net | $ 333,152 | $ 236,603 | $ 650,498 | $ 392,254 |
| | | | | |
| Premiums earned: | | | | |
| Assumed | $ 270,676 | $ 189,976 | $ 524,747 | $ 370,909 |
| Ceded | (18,720) | (12,191) | (33,149) | (23,769) |
| Net | $ 251,956 | $ 177,785 | $ 491,598 | $ 347,140 |

The following table presents the Company's total losses and loss adjustment expenses for the three and six months ended June 30, 2026 and 2025:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Losses and loss adjustment expenses: | *in thousands* | | | |
| Assumed | $ 116,797 | $ 78,059 | $ 218,449 | $ 161,385 |
| Ceded | (6,088) | (2,846) | (9,821) | (15,042) |
| Net | $ 110,709 | $ 75,213 | $ 208,628 | $ 146,343 |

**14 — Debt**

As of June 30, 2026 and December 31, 2025, "Debt, net" consisted of the following:

| | Maturity | June 30, 2026 | December 31, 2025 |
|---|---|---|---|
| | | *in thousands* | |
| 2025 JPM Credit Facility | March 2030 | $ 103,857 | $ 84,945 |
| BAC Credit Facility | November 2028 | 87,526 | 68,423 |
| State Farm Term Loan | September 2033 | 25,000 | 25,000 |
| Total debt | | 216,383 | 178,368 |
| Less: Unamortized debt issuance costs related to the State Farm Term Loan | | (432) | (461) |
| Debt, net | | $ 215,951 | $ 177,907 |

***2025 JPM Credit Facility***

THG has a credit agreement with JPMorgan Chase Bank, N.A. ("JPM"), as administrative agent, issuing bank and swingline lender, the foreign subsidiary borrowers thereto, and the other financial institutions party thereto as lenders (the "2025 JPM Credit Agreement").

The 2025 JPM Credit Agreement provides for a senior unsecured revolving credit facility (the "2025 JPM Credit Facility") with an aggregate borrowing capacity of $375.0 million. The 2025 JPM Credit Agreement includes (i) a $175.0 million sublimit for letters of credit; (ii) a $100.0 million sublimit for foreign currency borrowings; and (iii) an uncommitted accordion feature of $75.0 million, plus an unlimited amount so long as THG's net leverage ratio is below 3.25. The 2025 JPM Credit Agreement matures in March 2030, but may be extended if agreed by THG and the lenders party thereto. Any unpaid balance on the 2025 JPM Credit Facility is due at maturity.

Borrowings from the 2025 JPM Credit Facility accrue interest at the applicable reference rate, primarily Term SOFR, depending on the currency of the borrowing plus an applicable margin determined by the Company's net leverage ratio for the preceding period (as defined in the 2025 JPM Credit Facility). The effective interest rates related to the 2025 JPM Credit Agreement were 4.69% and 5.81% for the six months ended June 30, 2026 and 2025, respectively.

The 2025 JPM Credit Agreement requires THG to, among other things, meet certain financial covenants, including a minimum fixed charge coverage ratio test and a maximum leverage ratio test. As of June 30, 2026, THG was in compliance with these financial covenants.

As of June 30, 2026, the carrying value of the outstanding borrowings under the 2025 JPM Credit Facility approximated its fair value due to the variable interest rates associated with the outstanding borrowings.

***BAC Credit Facility***

BAC and its wholly owned subsidiary BAC Funding 2023-1, LLC, as borrower, have a revolving credit agreement (the "BAC Credit Agreement") that provides for a revolving credit facility (the "BAC Credit Facility") with an aggregate commitment of $150.0 million. The BAC Credit Facility's borrowing base is determined by the carrying value of certain BAC notes receivable, which is then limited by the amount of the aggregate commitment. As of June 30, 2026, the applicable borrowing base for the BAC Credit Agreement was $87.5 million.

The revolving borrowing period of the BAC Credit Facility expires in November 2027, followed by an amortization period until it ultimately matures in November 2028. The borrowing period and the maturity date of the BAC Credit Facility may be extended by one year if requested by BAC and agreed by the administrative agent. BAC is not a borrower or guarantor of the BAC Credit Facility.

BAC and certain of its subsidiaries may transfer notes receivable to wholly owned, bankruptcy remote SPEs to secure borrowings under the BAC Credit Facility, isolating these assets from the Company's other obligations. Recourse is limited to (i) an obligation of the applicable seller to repurchase a note receivable if it is determined that there was a breach of any representation or warranty relating to such note receivable as of the relevant date specified in the related transfer agreement; and (ii) a limited guarantee for certain liabilities that may result under certain foreign exchange hedging activity of one of the SPEs.

BAC and BAC Funding 2023-1, LLC are required, among other things, to meet certain financial covenants including that BAC, as the servicer, maintain a minimum tangible net worth, minimum liquidity balances, and an indebtedness to tangible net worth ratio. As of June 30, 2026, the Company was in compliance with the financial covenants under the BAC Credit Agreement.

As of June 30, 2026, the carrying value of the outstanding borrowings under the BAC Credit Facility approximated its fair value due to the variable interest rates associated with the outstanding borrowings.

***State Farm Term Loan***

In September 2023, Hagerty Re entered into an unsecured term loan credit facility with State Farm in the aggregate principal amount of $25.0 million (the "State Farm Term Loan"). The State Farm Term Loan bears interest at a rate of 8.0% per annum and will mature in September 2033. State Farm is a related party to the Company. Refer to Note 20 — Related-Party Transactions for additional information.

***Letters of Credit***

As of June 30, 2026, the Company has authorized three letters of credit for a total of $10.8 million for operational purposes, primarily related to Hagerty Re's Section 953(d) tax structuring election, and to a much lesser extent, a requirement under a quota share agreement, and lease down payment support.

**15 — Convertible Preferred Stock**

In June 2023, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain accredited investors (the "Investors"), pursuant to which it closed, issued and sold (the "Closing") to the Investors an aggregate of 8,483,561 shares of the Company's newly-designated Series A Convertible Preferred Stock, par value $0.0001 per share, for an aggregate purchase price of $80.0 million, at a per-share purchase price of $9.43 (the "Series A Purchase Price" and the transaction, the "Private Placement").

The Investors include State Farm, Markel, and individuals related to Hagerty Holding Corp. ("HHC"). State Farm and Markel each own over 5% of the Company's outstanding common stock. McKeel Hagerty, the Company's CEO and the Chairman of its Board, along with Tammy Hagerty, may be deemed to control HHC, the controlling stockholder of the Company. Both State Farm and Markel can nominate one director to the Board, while HHC can nominate two directors. Refer to Note 16 — Stockholders' Equity and Note 20 — Related-Party Transactions for additional information.

The net proceeds from the Private Placement after deducting issuance costs of approximately $0.8 million were $79.2 million, which was recorded within Temporary Equity on the Condensed Consolidated Balance Sheets. The Company used the net proceeds from the Private Placement for general corporate purposes.

As of June 30, 2026, the estimated redemption value of the Series A Convertible Preferred Stock was $100.8 million, which represents the maximum cash payment, including cumulative dividends, that would be required to be paid if the Optional Term Redemption provision in the Certificate of Designations, as summarized below, is exercised as of the earliest possible redemption date of June 23, 2028. The decision to redeem the Series A Convertible Preferred Stock for cash is made at the discretion of the Company; however, the Company is controlled by HHC through its voting control of the Company. Accordingly, the redemption of the Series A Convertible Preferred Stock is considered outside the control of the Company and, as a result, the Series A Convertible Preferred Stock is recorded within Temporary Equity on the Condensed Consolidated Balance Sheets.

The Company has elected to apply the accretion method to adjust the carrying value of the Series A Convertible Preferred Stock to its estimated redemption value. Amounts recognized to accrete the Series A Convertible Preferred Stock to its estimated redemption value are treated as a deemed dividend and are recorded as a reduction to "Additional paid-in capital" on the Condensed Consolidated Balance Sheets. The estimated redemption value may vary in subsequent periods and the Company has elected to recognize such changes prospectively.

The captioned sections below provide a summary of the material terms of the Series A Convertible Preferred Stock, as set forth in the Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock (the "Certificate of Designations").

*Ranking* — The Series A Convertible Preferred Stock ranks senior to the Class A Common Stock, the Class V Common Stock, and each other class or series of shares of the Company that the Company may issue in the future the terms of which do not expressly provide that such class or series ranks equally with, or senior to, the Series A Convertible Preferred Stock, with respect to dividend rights and/or rights upon liquidation, winding up or dissolution.

*Dividends* — Dividends on the Series A Convertible Preferred Stock are cumulative and accrue from the date of issuance at the rate per annum of 7% of the Series A Purchase Price of each share, plus the amount of previously accrued dividends, compounded annually (the "Accruing Dividends"). The Company may elect to pay the Accruing Dividends either in cash or in additional shares of Series A Convertible Preferred Stock. Prior to June 23, 2026, the third anniversary of the Closing, the Series A Convertible Preferred Stock was entitled to participate on an as-converted basis in dividends declared and paid on the Class A Common Stock, if any. In each of June 2026 and 2025, the Company paid $5.6 million, respectively, of cash dividends on the Series A Convertible Preferred Stock to the Investors.

*Conversion* — Any shares of Series A Convertible Preferred Stock may, at the option of the holder, be converted at any time into shares of Class A Common Stock. The conversion price for the Series A Convertible Preferred Stock is initially $11.79 and is subject to adjustment upon certain events, including a stock split, a reverse stock split, or a dividend of the Class A Common Stock or Class V Common Stock to the Company's common stockholders (as adjusted, the "Conversion Price"). The Company may require such conversion (i) if the closing price per share of Class A Common Stock, for at least twenty (20) of any thirty (30) consecutive trading days, exceeds: (a) on or after the third and prior to the seventh anniversary of the Closing, 150% of the Conversion Price; or (b) on or after the seventh and prior to the tenth anniversary of the Closing, 100% of the Conversion Price; and (ii) on or after the tenth anniversary of the Closing. The conversion rate in effect at any applicable time (the "Conversion Rate") is the quotient obtained by dividing the Series A Purchase Price by the Conversion Price.

As of June 30, 2026, no shares of Series A Convertible Preferred Stock had been converted and the outstanding shares of Series A Convertible Preferred Stock were convertible into 6,785,410 shares of Class A Common Stock.

*Voting* — The Series A Convertible Preferred Stock votes together with the Class A Common Stock on an as-converted basis, and not as a separate class. The Investors have veto rights over (i) changes to the terms of the Certificate of Designations or the Company's certificate of incorporation or bylaws that adversely impact the Series A Convertible Preferred Stock; and (ii) the issuance of equity securities senior to the Series A Convertible Preferred Stock or other securities convertible thereto.

*Liquidation Preference* — In the event of any liquidation, dissolution or winding up of the Company, each share of Series A Convertible Preferred Stock will be paid the greater of (i) the Series A Purchase Price plus any Accruing Dividends accrued but unpaid thereon; and (ii) the amount that such share of Series A Convertible Preferred Stock would have received had it converted into the Class A Common Stock immediately prior to such liquidation, dissolution or winding up of the Company (the "Liquidation Preference"). After payment of the Liquidation Preference, the Series A Convertible Preferred Stock will no longer be convertible and will not participate in any distribution made to the holders of the Class A Common Stock or Class V Common Stock.

*Change of Control* — Upon a merger, consolidation, sale or other change of control transaction as described in the Certificate of Designations (a "Change of Control"), either (i) the Company may elect to redeem the Series A Convertible Preferred Stock; or (ii) each holder of Series A Convertible Preferred Stock, individually, may require the Company to redeem all or any portion of the Series A Convertible Preferred Stock. The redemption price per share to be paid by the Company would be the greater of: (a) the Series A Purchase Price plus any accrued but unpaid Accruing Dividends multiplied by (i) if prior to or on the third anniversary of the Closing, 120%; (ii) if after the third but prior to or on the fifth anniversary of the Closing, 110%; (iii) if after the fifth anniversary of the Closing, 100%; and (b) the amount such share of Series A Convertible Preferred Stock would have received had it converted into the Class A Common Stock prior to the Change of Control. Any shares of Series A Convertible Preferred Stock that are not so redeemed will automatically convert into shares of Class A Common Stock and be paid in connection with the Change of Control.

*Fundamental Transaction* — In the event of any acquisition by the Company with a transaction value of at least $500.0 million or any equity or debt financing by the Company that raises at least $500.0 million, either (i) the Company may elect to redeem the Series A Convertible Preferred Stock; or (ii) each holder of Series A Convertible Preferred Stock, individually, may require the Company to redeem all or any portion of its Series A Convertible Preferred Stock. The redemption price per share to be paid by the Company would be the Series A Convertible Preferred Stock plus any accrued but unpaid Accruing Dividends multiplied by: (a) if prior to or on the third anniversary of the Closing, 120%; (b) if after the third but prior to or on the fifth anniversary of the Closing, 110%; (c) if after the fifth but prior to or on the sixth anniversary of the Closing, 108%; (d) if after the sixth but prior to or on the seventh anniversary of the Closing, 106%; (e) if after the seventh but prior to or on the eighth anniversary of the Closing, 104%; (f) if after the eighth but prior to or on the ninth anniversary of the Closing, 102%; or (g) if after the ninth anniversary of the Closing, 100%.

*Optional Term Redemption* — Any time after the fifth anniversary of the Closing, the Company may redeem all or any portion of the then-outstanding shares of the Series A Convertible Preferred Stock for cash (a "Term Redemption"). The redemption price per share to be paid by the Company would be equal to the greater of: (i) the Series A Purchase Price plus any accrued but unpaid Accruing Dividends multiplied by: (a) if after the fifth but prior to the sixth anniversary of the Closing, 110%; (b) if on or after the sixth but prior to the seventh anniversary of the Closing, 108%; (c) if on or after the seventh but prior to the eighth anniversary of the Closing, 106%; (d) if on or after the eighth but prior to the ninth anniversary of the Closing, 104%; (e) if on or after the ninth but prior to the tenth anniversary of the Closing, 102%; or (f) if on or after the tenth anniversary of the Closing, 100%; and (ii) the amount such share of Series A Convertible Preferred Stock would have received had it converted into Class A Common Stock prior to the Term Redemption.

*Registration Rights Agreement* — In connection with the Private Placement, the Company entered into a registration rights agreement with the Investors (the "Registration Rights Agreement") pursuant to which, the Investors are entitled to certain demand, shelf and piggyback registration rights with respect to the Series A Convertible Preferred Stock and shares of the Class A Common Stock issuable upon conversion thereof.

**16 — Stockholders' Equity**

***Class A Common Stock***

Hagerty, Inc. is authorized to issue 500,000,000 shares of Class A Common Stock with a par value of $0.0001 per share. Holders of Class A Common Stock are entitled to one vote for each share. As of June 30, 2026 and December 31, 2025, there were 101,804,938 and 100,706,893 shares of Class A Common Stock issued and outstanding, respectively.

***Class V Common Stock***

Hagerty, Inc. is authorized to issue 300,000,000 shares of Class V Common Stock with a par value of $0.0001 per share. Class V Common Stock represents voting, non-economic interests in Hagerty, Inc. Holders of Class V Common Stock are entitled to 10 votes for each share. In connection with the business combination that formed Hagerty, Inc. in 2021, shares of Class V Common Stock were issued to HHC and Markel (together, the "Legacy Unit Holders") along with an equivalent number of THG units. Each share of Class V Common Stock, together with the corresponding THG unit, is exchangeable for one share of Class A Common Stock. As of June 30, 2026 and December 31, 2025, there were 241,552,156 shares of Class V Common Stock issued and outstanding. Refer to "Exchange of THG Units" below for additional information.

***Preferred Stock***

Hagerty, Inc. is authorized to issue 20,000,000 shares of Preferred Stock with a par value of $0.0001 per share. The Board has the authority to issue shares of Preferred Stock with such designations, voting and other rights and preferences as may be determined from time to time.

As of June 30, 2026 and December 31, 2025, there were 8,483,561 shares of Preferred Stock issued and outstanding, which may, at the option of the holder, be converted at any time into shares of Class A Common Stock. Refer to Note 15 — Convertible Preferred Stock for additional information.

***Non-controlling Interests***

Hagerty, Inc. owns one THG unit for each share of Class A Common Stock outstanding, and is the sole managing member of THG. As a result, Hagerty, Inc. consolidates the financial statements of THG into its Condensed Consolidated Financial Statements. The Company reports a non-controlling interest representing the economic interest in THG held by other unit holders of THG.

The following table summarizes the changes in ownership of THG units for the three and six months ended June 30, 2026 and 2025:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| THG units held by Hagerty, Inc. | | | | |
| Beginning of period | 101,085,283 | 90,064,663 | 100,706,893 | 90,032,391 |
| Issuance of shares under employee plans | 665,353 | 596,683 | 673,643 | 604,955 |
| Exchange of THG units for Class A Common Stock | 54,302 | 54,302 | 424,402 | 78,302 |
| End of period | 101,804,938 | 90,715,648 | 101,804,938 | 90,715,648 |
| Ownership percentage | | | | |
| Beginning of period | 29.2 % | 26.1 % | 29.1 % | 26.1 % |
| End of period | 29.4 % | 26.2 % | 29.4 % | 26.2 % |
| | | | | |
| THG units held by other unit holders | | | | |
| Beginning of period | 245,050,694 | 255,154,346 | 245,420,794 | 255,178,346 |
| Exchange of THG units for Class A Common Stock | (54,302) | (54,302) | (424,402) | (78,302) |
| End of period | 244,996,392 | 255,100,044 | 244,996,392 | 255,100,044 |
| Ownership percentage | | | | |
| Beginning of period | 70.8 % | 73.9 % | 70.9 % | 73.9 % |
| End of period | 70.6 % | 73.8 % | 70.6 % | 73.8 % |
| | | | | |
| Total THG units outstanding | 346,801,330 | 345,815,692 | 346,801,330 | 345,815,692 |

At the end of each reporting period, THG equity attributable to Hagerty, Inc. and the non-controlling interest unit holders, respectively, is reallocated to reflect their current ownership in THG.

*Shares Issued Under Employee Plans*

Certain employees of THG subsidiaries are awarded share-based compensation in the form of restricted stock units ("RSUs") and performance restricted stock units ("PRSUs") under the 2021 Stock Incentive Plan. Upon the vesting of these awards, the employees receive shares of Class A Common Stock and the Company is issued an equivalent number of THG units, thereby increasing its ownership interest in THG. Employees of THG subsidiaries may also participate in the 2021 Employee Stock Purchase Plan (the "ESPP") under which these employees may purchase shares of Class A Common Stock at a discounted price and the Company is issued an equivalent number of THG units.

During the six months ended June 30, 2026 and 2025, the Company received 643,117 and 571,405 THG units, respectively, in connection with shares of Class A Common Stock that were issued as a result of share-based compensation awards vesting under the 2021 Stock Incentive Plan. In addition, during the six months ended June 30, 2026 and 2025, the Company received 30,526 and 33,550 THG units, respectively, in connection with shares of Class A Common Stock that were issued related to the ESPP.

*Exchange of THG Units*

Each THG unit and, if applicable, the associated share of Class V Common Stock, are exchangeable for, at the Company's option, one share of Class A Common Stock or cash. If the Company elects for an exchange to be settled in cash, the cash used to settle the exchange must be funded through a new equity offering of Class A Common Stock. Upon completion of any THG unit exchange, shares of any exchanged Class V Common Stock are cancelled and Hagerty, Inc. retains the exchanged THG units. Changes in Hagerty, Inc.'s ownership interest in THG while retaining its controlling interest are accounted for as equity transactions. Accordingly, exchanges of THG units by unit holders other than Hagerty, Inc. increase Hagerty, Inc.'s ownership in THG, thereby reducing the amount recorded as "Non-controlling interest" and increasing "Additional paid-in capital" on the Condensed Consolidated Balance Sheets.

In the third quarter of 2025, HHC completed an exchange of 9,481,750 THG units, together with the corresponding shares of Class V Common Stock, for 9,481,750 shares of Class A Common Stock (the "THG Unit Exchange"). Upon the consummation of the THG Unit Exchange, the exchanged shares of Class V Common Stock were cancelled.

During the six months ended June 30, 2026 and 2025, certain other holders of THG units that do not hold corresponding shares of Class V Common Stock exchanged 424,402 and 78,302, respectively, THG units for an equal number of shares of Class A Common Stock. These exchanges resulted in reductions to "Non-controlling interest" and corresponding increases to "Additional paid-in capital" of $0.8 million and $0.7 million, respectively.

***THG Preferred Units***

In connection with the Private Placement, the Fourth Amended and Restated Limited Liability Company Agreement of THG was amended and restated in the form of a Fifth Amended and Restated Limited Liability Company Agreement (as subsequently amended and restated, the "THG LLC Agreement"), to, among other things, create a new series of preferred units within THG (the "THG Preferred Units"). The terms of the THG Preferred Units parallel the terms of the Series A Convertible Preferred Stock and are held entirely by Hagerty, Inc.

The THG Preferred Units are recorded on the financial statements of THG based on their estimated redemption value, which represents the maximum cash payment, including cumulative dividends, that would be required to be paid to Hagerty, Inc. if the Optional Term Redemption of the Series A Convertible Preferred Stock is exercised. Amounts recognized to accrete the THG Preferred Units to their estimated redemption value are treated as a deemed dividend due to Hagerty, Inc. The amount of this deemed dividend is attributed entirely to Hagerty, Inc. prior to allocating the remainder of THG's consolidated net income or loss between controlling and non-controlling interests. In each of June 2026 and 2025, THG paid $5.6 million of cash dividends to Hagerty, Inc. on the THG Preferred Units. Refer to Note 15 — Convertible Preferred Stock for additional information on the Private Placement and the Series A Convertible Preferred Stock.

***Distributions to Unit Holders of THG***

Under the terms of the THG LLC Agreement, THG is obligated to make tax distributions to its unit holders. During the six months ended June 30, 2026 and 2025, THG made tax distributions of $0.8 million and $30.4 million, respectively, to non-controlling interest unit holders and $0.7 million and $11.8 million, respectively, of tax distributions to Hagerty, Inc.

**17 — Share-Based Compensation**

The 2021 Stock Incentive Plan provides for the issuance of up to approximately 38.3 million shares of Class A Common Stock to certain employees and non-employee directors. The 2021 Stock Incentive Plan allows for the issuance of incentive stock options, non-qualified stock options, restricted stock awards, stock appreciation rights, RSUs, and PRSUs. As of June 30, 2026, there were approximately 24.7 million shares available for future grants under the 2021 Stock Incentive Plan.

The following table summarizes share-based compensation expense recognized during the three and six months ended June 30, 2026 and 2025:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | *in thousands* | | | |
| Restricted stock units | $ 3,425 | $ 3,719 | $ 6,608 | $ 6,921 |
| Performance restricted stock units | 1,668 | 1,427 | 3,102 | 2,617 |
| Total share-based compensation expense | $ 5,093 | $ 5,146 | $ 9,710 | $ 9,538 |

***Restricted Stock Units***

RSUs typically vest over a three to five-year period based on the requisite service period. The grant date fair value is determined based on the closing market price of the Class A Common Stock on the business day prior to the grant date and the related share-based compensation expense is recognized over the requisite service period on a straight-line basis.

The following table provides a summary of RSU activity during the six months ended June 30, 2026:

| | Restricted Stock Units | Weighted Average Grant Date Fair Value |
|---|---|---|
| Unvested balance as of January 1, 2026 | 3,548,091 | $ 9.56 |
| Granted | 874,106 | 10.53 |
| Vested [(1)] | (947,102) | 9.33 |
| Forfeited | (225,430) | 9.30 |
| Unvested balance as of June 30, 2026 | 3,249,665 | $ 9.91 |

(1) For the six months ended June 30, 2026, 643,117 shares of Class A Common Stock were issued related to the vesting of RSUs in the period, net of shares withheld for the funding of employee tax obligations.

The following table provides additional data related to RSU activity during the six months ended June 30, 2026 and 2025:

| | Six months ended June 30, 2026 | Six months ended June 30, 2025 |
|---|---|---|
| | *dollars in thousands* | |
| Total fair value of shares vested [(1)] | $ 8,840 | $ 8,067 |
| Unrecognized compensation expense | $ 24,167 | $ 29,479 |
| Weighted average period awards are expected to be recognized (in years) | 2.32 | 2.73 |

(1) The tax impact related to vested RSUs for the six months ended June 30, 2026 and 2025 was not material to the Condensed Consolidated Financial Statements.

***Performance Restricted Stock Units***

*Performance Condition PRSUs*

PRSUs granted under the "Performance Condition PRSU Agreement", a form of PRSU agreement under the 2021 Stock Incentive Plan, are eligible to vest subject to the satisfaction of both performance-based and service-based conditions. The performance-based vesting condition will be satisfied contingent upon the Company's level of performance over the designated performance period (the "Performance Period") as measured against a financial performance target (the "Performance Target"), each as determined by the Compensation Committee. Following the end of the Performance Period, the Compensation Committee will determine the applicable attained performance level with payout percentages ranging from 35% to 200% (each, a "Payout Percentage") of the target number of PRSUs awarded. In the event of a Change in Control (as defined in the Performance Condition PRSU Agreement) before the end of a scheduled Performance Period, the Compensation Committee retains discretion to end the Performance Period early and measure performance levels as of a revised measurement date.

If both the service-based and performance-based vesting conditions are satisfied, the PRSU holder will be entitled to receive the number of shares of Class A Common Stock, if any, determined by multiplying the aggregate number of PRSUs subject to the applicable PRSU Agreement by the applicable Payout Percentage that corresponds to the level of achievement of the Performance Target pursuant to the payout formula approved by the Compensation Committee.

The amount of compensation expense ultimately recognized for PRSUs issued under the Performance Condition PRSU Agreement is based on the Company's ultimate performance relative to the Performance Target. The amount of compensation expense recognized prior to the end of the Performance Period is dependent upon management's assessment of the likelihood of achieving the applicable payout levels. If, as a result of management's assessment, it is projected that a greater number of PRSUs will vest than previously anticipated, a life-to-date adjustment to increase compensation expense is recorded in the period when such determination is made. Conversely, if, as a result of management's assessment, it is projected that a lower number of PRSUs will vest than previously anticipated, a life-to-date adjustment to decrease compensation expense is recorded in the period when such determination is made.

The following table provides a summary of the activity related to PRSUs under the Performance Condition PRSU Agreement during the six months ended June 30, 2026:

| | Performance Restricted Stock Units | Weighted Average Grant Date Fair Value |
|---|---|---|
| Unvested balance as of January 1, 2026 | 538,531 | $ 9.20 |
| Granted | 245,731 | 10.53 |
| Unvested balance as of June 30, 2026 | 784,262 | $ 9.62 |

As of June 30, 2026, the maximum number of shares of Class A Common Stock that may be issued with respect to PRSUs granted under the Performance Condition PRSU Agreement is 1,568,524, assuming maximum achievement of the Performance Target.

The following table provides additional data related to Performance Condition PRSU award activity during the six months ended June 30, 2026 and 2025:

| | Six months ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| | *dollars in thousands* | |
| Unrecognized compensation expense | $ 6,322 | $ 5,767 |
| Weighted average period awards are expected to be recognized (in years) | 2.12 | 2.19 |

*Market Condition PRSUs*

In April 2022, the Company's CEO was granted 3,707,136 market condition PRSUs, which provide him the opportunity to receive up to 3,707,136 shares of Class A Common Stock. The award had a grant date fair value of approximately $19.2 million, which was estimated using a Monte Carlo simulation model. These PRSUs have both market-based and service-based vesting conditions. Shares of Class A Common Stock issuable under this award can be earned based on the achievement of the following stock price targets: (i) 25% of the shares can be earned when the stock price of the Class A Common Stock exceeds $20.00 per share for 60 consecutive days; (ii) 25% of the shares can be earned when the stock price of the Class A Common Stock exceeds $25.00 per share for 60 consecutive days; and (iii) 50% of the shares can be earned when the stock price of the Class A Common Stock exceeds $30.00 per share for 60 consecutive days. These market-based conditions must be met in order for the PRSUs to vest; therefore, it is possible that no shares will ultimately vest. If any of the market-based conditions are met, the PRSUs will vest contingent upon continued service through the earlier of three years after achievement of the stock price target or the end of the seven-year performance period. As of June 30, 2026, no market condition PRSUs had vested.

The Company will recognize the entire $19.2 million of compensation expense for this award over the requisite service period, regardless of whether such market-based conditions are met. As of June 30, 2026, unrecognized compensation expense related to this award was $7.1 million, which the Company expects to recognize over a period of 2.75 years.

The following table summarizes the assumptions and related information used to determine the grant-date fair value of the market condition PRSUs awarded in April 2022:

| Inputs | Performance Restricted Stock Units |
|---|---|
| Weighted average grant-date fair value per share | $5.19 |
| Expected stock volatility | 35% |
| Expected term (in years) | 7.0 |
| Risk-free interest rate | 2.5% |
| Dividend yield | —% |

***Employee Stock Purchase Plan***

The ESPP allows substantially all of the Company's employees to purchase shares of Class A Common Stock at a discount. As of June 30, 2026, 315,554 shares had been purchased under the ESPP and there were approximately 11.2 million shares available for future purchases.

**18 — Earnings Per Share**

Basic earnings (loss) per share is calculated under the Two-Class Method using basic Net income (loss) available to Class A Common Stockholders, divided by the weighted average number of shares of Class A Common Stock outstanding during the period.

Diluted earnings (loss) per share is calculated using diluted Net income (loss) available to Class A Common Stockholders divided by the weighted average number of shares of Class A Common Stock outstanding during the period, adjusted to give effect to potentially dilutive securities.

The Company's potentially dilutive securities consist of (i) unvested RSUs and shares issuable under the ESPP, with the dilutive effect calculated using the Treasury Stock Method; (ii) unvested PRSUs, with the dilutive effect calculated using the Contingently Issuable Method; and (iii) non-controlling interest THG units and Series A Convertible Preferred Stock, with the dilutive effect calculated using the more dilutive of the If-Converted Method and the Two-Class Method.

In periods in which the Company reports a net loss attributable to Class A Common Stockholders, diluted net loss per share attributable to Class A Common Stockholders is equal to basic net loss per share because potentially dilutive shares of Class A Common Stock are not assumed to be issued if their effect is anti-dilutive.

The following table summarizes the basic and diluted earnings (loss) per share calculations for the three and six months ended June 30, 2026 and 2025:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Basic Earnings (Loss) per Share** | *in thousands (except per share amounts)* | | | |
| Net income (loss) available to Class A Common Stockholders | $ (1,668) | $ 8,465 | $ (8,189) | $ 14,505 |
| Weighted average shares of Class A Common Stock outstanding | 101,797 | 90,698 | 101,418 | 90,374 |
| Basic earnings (loss) per share | $ (0.02) | $ 0.09 | $ (0.08) | $ 0.16 |
| | | | | |
| **Diluted Earnings (Loss) per Share** | | | | |
| Net income (loss) available to Class A Common Stockholders | $ (1,668) | $ 8,465 | $ (8,189) | $ 14,574 |
| Weighted average shares of Class A Common Stock outstanding | 101,797 | 90,698 | 101,418 | 91,247 |
| Diluted earnings (loss) per share | $ (0.02) | $ 0.09 | $ (0.08) | $ 0.16 |
| | | | | |
| **Net income available to Class A Common Stockholders** | | | | |
| Net income (loss) | $ 8,041 | $ 47,202 | $ (4,704) | $ 74,495 |
| Net (income) loss attributable to non-controlling interest | (7,761) | (36,229) | 493 | (55,151) |
| Accretion of Series A Convertible Preferred Stock | (1,948) | (1,875) | (3,978) | (3,750) |
| Undistributed earnings allocated to Series A Convertible Preferred Stock | — | (633) | — | (1,089) |
| Net income (loss) available to Class A Common Stockholders, Basic | (1,668) | 8,465 | (8,189) | 14,505 |
| Undistributed earnings reallocated to Series A Convertible Preferred Stock | — | — | — | — |
| Adjustment for potentially dilutive THG units | — | — | — | — |
| Adjustment for potentially dilutive Series A Convertible Preferred Stock | — | — | — | — |
| Adjustment for potentially dilutive share-based compensation awards | — | — | — | 69 |
| Net income (loss) available to Class A Common Stockholders, Diluted | $ (1,668) | $ 8,465 | $ (8,189) | $ 14,574 |
| | | | | |
| **Weighted Average Shares of Class A Common Stock Outstanding** | | | | |
| Weighted average shares of Class A Common Stock outstanding, Basic | 101,797 | 90,698 | 101,418 | 90,374 |
| Adjustment for potentially dilutive THG units | — | — | — | — |
| Adjustment for potentially dilutive Series A Convertible Preferred Stock | — | — | — | — |
| Adjustment for potentially dilutive share-based compensation awards | — | — | — | 873 |
| Weighted average shares of Class A Common Stock outstanding, Diluted | 101,797 | 90,698 | 101,418 | 91,247 |

The following table summarizes the weighted average potential shares of Class A Common Stock excluded from diluted earnings (loss) per share of Class A Common Stock as their effect would be anti-dilutive or, for certain PRSUs, the performance conditions were not met for the three and six months ended June 30, 2026 and 2025:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | *in thousands* | | | |
| THG units | 245,001 | 255,105 | 245,051 | 255,138 |
| Series A Convertible Preferred Stock | 6,785 | 6,785 | 6,785 | 6,785 |
| Unvested shares associated with share-based compensation awards | 7,951 | 8,580 | 7,979 | 4,453 |
| Total | 259,737 | 270,470 | 259,815 | 266,376 |

**19 — Taxation**

The Company's U.S. federal and state income tax expense relates to its wholly owned U.S. corporate subsidiaries, which are separately taxed as corporations for U.S. federal and state income tax purposes, and Hagerty, Inc.'s allocable share of any taxable income from THG. The Company also owns foreign subsidiaries that file and pay income taxes in their local jurisdictions.

THG is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, THG is not subject to U.S. federal and certain state and local taxes. Any taxable income or loss generated by THG is passed through to and included in the taxable income or loss of its partners, including Hagerty, Inc., on a pro-rata basis.

In addition, Hagerty Re, a Bermuda corporation, made an irrevocable election under Section 953(d) of the Internal Revenue Code ("IRC"), as amended, to be taxed as a U.S. domestic corporation. As a result, Hagerty Re is subject to U.S. taxation on its world-wide income as if it were a U.S. corporation. In accordance with an agreement between Hagerty Re and the Internal Revenue Service ("IRS"), Hagerty Re established an irrevocable letter of credit with the IRS in 2021.

***Tax Examinations***

The Company is subject to taxation and files income tax returns in the U.S. federal jurisdiction, as well as many state and foreign jurisdictions. As of June 30, 2026, tax years 2020 to 2023 are subject to examination by various tax authorities. With few exceptions, as of June 30, 2026, the Company is no longer subject to U.S. federal, state, local or foreign examinations for years before 2020. THG is currently under audit by the IRS for the 2021 tax year.

***Income Tax Expense***

For the six months ended June 30, 2026, the Company recorded an income tax benefit of $14.0 million, resulting in an effective tax rate of 74.9%, compared to income tax expense of $11.7 million in the prior year, resulting in an effective tax rate of 13.5%. The change in Income tax (expense) benefit period over period is driven by non-reversing temporary differences between taxable income and pre-tax book income related to the Markel Fronting Arrangement, partially offset by higher earnings in Hagerty Re and an increase in Hagerty, Inc.'s allocable share of income from THG.

As of June 30, 2026 and December 31, 2025, total gross unrecognized tax benefits were $0.2 million and $0.1 million, respectively. The Company recognizes interest and penalties related to unrecognized tax benefits within "Income tax (expense) benefit" in the Condensed Consolidated Statements of Operations. As of June 30, 2026, there were no amounts of gross interest and penalties accrued.

***TRA Liability***

In connection with the consummation of the business combination that formed Hagerty, Inc. in 2021, Hagerty, Inc. entered into a TRA with the Legacy Unit Holders. The TRA provides for payment to the Legacy Unit Holders of 85% of the U.S. federal, state and local cash tax savings realized by Hagerty, Inc. as a result of the increases in tax basis and certain other tax benefits, as outlined in the Business Combination Agreement, upon the exchange of THG units and shares of Hagerty, Inc. Class V Common Stock for shares of Hagerty, Inc. Class A Common Stock or cash. The remaining 15% cash tax savings resulting from the basis adjustments are retained by Hagerty, Inc. The Business Combination Agreement is provided as Exhibit 2.1, incorporated by reference within Item 6. Exhibits, in this Quarterly Report.

In connection with the filing of its 2019 income tax return, THG made an election under Section 754 of the IRC for each taxable year in which TRA exchanges occur. This election allows THG to adjust the tax basis of its assets when certain ownership changes or distributions occur. This election cannot be revoked without the permission of the IRS Commissioner and will be in place for any future exchange of THG units.

In general, under the TRA, cash tax savings result in a year when the tax liability of Hagerty, Inc. for the year, computed without regard to the deductions attributable to the amortization of the basis increase and other deductions that arise in connection with the payment of the cash consideration under the TRA or the exchange of THG units and shares of Hagerty, Inc. Class V Common Stock for shares of Hagerty, Inc. Class A Common Stock, would be more than the tax liability for the year taking into account such deductions. Payments under the TRA are due when the Company produces taxable income and the resulting cash tax liability is reduced by deducting the amortization of the basis increase on a filed tax return. The payments under the TRA are expected to be substantial.

The amount and timing of any payments under the TRA will vary depending on a number of factors, including, but not limited to, the increase in tax basis of THG's assets, the timing of any future redemptions, exchanges or purchases of THG units held by Legacy Unit Holders, the price of Hagerty, Inc. Class A Common Stock at the time of the redemption, exchange or purchase, the extent to which redemptions or exchanges are taxable, the amount and timing of the taxable income that Hagerty, Inc. generates in the future, the tax rates then applicable, and the portion of the payments under the TRA constituting imputed interest.

The estimation of the TRA Liability is, by its nature, imprecise and subject to significant assumptions regarding the amount and timing of Hagerty, Inc.'s future taxable income. If the Company does not generate sufficient taxable income in the aggregate over the term of the TRA to utilize the tax benefits, then it would not be required to make the related payment under the TRA. Therefore, the Company only recognizes a liability for the TRA if it determines it is probable that it will generate sufficient future taxable income over the term of the TRA to utilize the related tax benefits. Estimating future taxable income is inherently uncertain and requires significant management judgment.

As of June 30, 2026 and December 31, 2025, the estimated value of the TRA Liability was $38.3 million and $39.8 million, respectively. Excluding payments made in respect to the TRA Liability, there were no changes to the recorded value of the TRA Liability for the six months ended June 30, 2026 and 2025.

During the six months ended June 30, 2026 and 2025, Hagerty, Inc. made TRA payments of $1.5 million and $0.2 million, respectively, to the Legacy Unit Holders.

**20 — Related-Party Transactions**

As of June 30, 2026, Markel and State Farm had the following equity interests in Hagerty and, as a result, are considered related parties:

| | Markel | | State Farm | |
|---|---|---|---|---|
| Equity Interest | Shares/Units | Percentage of total outstanding (1) | Shares/Units | Percentage of total outstanding (1) |
| Hagerty, Inc. Class A Common Stock | 3,108,000 | 3.1 % | 51,800,000 | 50.9 % |
| Hagerty, Inc. Class V Common Stock | 75,000,000 | 31.0 % | — | — % |
| Hagerty, Inc. Series A Convertible Preferred Stock | 1,590,668 | 18.8 % | 5,302,226 | 62.5 % |
| THG units | 75,000,000 | 21.6 % | — | — % |
| | | | | |
| Controlling interest | 3,108,000 | 3.1 % | 51,800,000 | 50.9 % |
| Non-controlling interest | 75,000,000 | 30.6 % | — | — % |

(1) The percentages reflected represent only the ownership of the specific security identified in each row, and are not reflective of the total economic ownership in Hagerty.

Refer to Note 16 — Stockholders' Equity and Note 15 — Convertible Preferred Stock for a description of each equity interest in the table above.

***Markel***

The Company is party to a master relationship agreement and associated agency and claims services agreements with Markel. Under these agreements, the Company's U.S. MGA subsidiary is licensed and authorized to underwrite, sell, and service insurance policies written through Essentia, which serves as the dedicated carrier for Hagerty's specialty collector vehicle insurance policies in the U.S.

Effective January 1, 2026, the Company and Markel became parties to the Markel Fronting Arrangement and the LPT Agreement, which are described in Note 3 — Markel Fronting Arrangement. Amounts due to or from Markel subsidiaries arising from these arrangements are settled on a net basis in accordance with the contractual terms of the underlying agreements.

The following tables summarize all balances related to the Company's business with Markel subsidiaries:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Revenue: | *in thousands* | | | |
| Earned premium, net | $ 260,982 | $ 182,913 | $ 505,790 | $ 357,974 |
| Commission and fee revenue | 1,817 | 127,454 | 3,523 | 221,427 |
| Total revenue | $ 262,799 | $ 310,367 | $ 509,313 | $ 579,401 |
| Expenses: | | | | |
| Losses and loss adjustment expenses, net | $ 105,727 | $ 74,598 | $ 197,233 | $ 154,509 |
| Policy acquisition costs, net | 75,477 | 84,868 | 175,426 | 164,335 |
| Underwriting and other insurance expenses | 625 | — | 2,742 | — |
| Total expenses | $ 181,829 | $ 159,466 | $ 375,401 | $ 318,844 |

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Assets: | *in thousands* | |
| Accounts receivable | $ 1,526 | $ 1,321 |
| Premiums receivable | — | 174,169 |
| Reinsurance recoverables | 1,181 | 1,958 |
| Other assets | 1,115 | — |
| Total assets | $ 3,822 | $ 177,448 |
| Liabilities: | | |
| Accounts payable and accrued expenses | $ 1,422 | $ — |
| Losses payable and reserves for unpaid losses and loss adjustment expenses | — | 247,758 |
| Due to insurers | 5,231 | 88,888 |
| Ceding commissions payable | — | 83,494 |
| Other liabilities | 1,477 | 2,470 |
| Total liabilities | $ 8,130 | $ 422,610 |

Pursuant to the terms of the Markel Fronting Arrangement, Hagerty Re maintains assets in trust for the benefit of Essentia. These assets are included within "Restricted cash and cash equivalents", "Fixed maturity securities" and "Equity securities, at fair value" on the Condensed Consolidated Balance Sheets. The assets held in trust for the benefit of Essentia totaled $596.6 million and $680.4 million as of June 30, 2026 and December 31, 2025, respectively.

***State Farm***

*Alliance Agreement*

Hagerty has a 10-year master alliance agreement and associated managing general underwriter agreement with State Farm, under which State Farm Classic+ policies are offered to State Farm's customers through State Farm agents. This program began issuing policies in September 2023. As of June 30, 2026, State Farm Classic+ policies were being offered in 37 states, with conversions of their existing book of business occurring in 26 of these states and plans to offer such policies in additional states in the remainder of 2026 and 2027. Under the master alliance agreement, State Farm paid Hagerty an advanced commission of $20.0 million in 2020, which is being recognized as "Commission and fee revenue" over the remaining life of the arrangement. In addition, the Company is paid a commission for underwriting, binding coverage, and issuing State Farm Classic+ policies and can offer HDC memberships to State Farm Classic+ customers, providing Hagerty with an additional revenue opportunity. Commission revenue generated from State Farm Classic+ policies was $6.8 million and $1.8 million for the three months ended June 30, 2026 and 2025, respectively, and $13.5 million and $3.0 million for the six months ended June 30, 2026 and 2025, respectively.

*Reinsurance Agreement*

Hagerty Re has a quota share agreement to cede a portion of the risk related to High-Net-Worth Accounts to Oglesby Reinsurance Company, a wholly owned subsidiary of State Farm. Refer to Note 13 — Reinsurance for additional information on the Company's reinsurance programs.

The following tables summarize all balances related to the risk ceded by Hagerty Re to State Farm subsidiaries:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Revenue: | *in thousands* | | | |
| Earned premium, net [1] | $ (5,467) | $ (4,735) | $ (10,674) | $ (9,191) |
| Expenses: | | | | |
| Losses and loss adjustment expenses, net [2] | $ (1,910) | $ (1,420) | $ (3,472) | $ (7,507) |
| Policy acquisition costs, net [3] | (2,843) | (2,463) | (5,551) | (4,780) |
| Total expenses | $ (4,753) | $ (3,883) | $ (9,023) | $ (12,287) |

(1) Represents premiums ceded to State Farm subsidiaries, which are accounted for as a reduction to "Earned premium, net".
(2) Represents loss recoveries associated with reinsurance ceded to State Farm subsidiaries, which are accounted for as a reduction to "Losses and loss adjustment expenses, net".
(3) Represents commissions earned from State Farm subsidiaries related to ceded reinsurance, which are accounted for as a reduction to "Policy acquisition costs, net".

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Assets: | *in thousands* | |
| Reinsurance recoverables | $ 5,295 | $ 6,668 |
| Other assets | 3,075 | 2,716 |
| Total assets | $ 8,370 | $ 9,384 |
| Liabilities: | | |
| Other liabilities [1] | $ 5,914 | $ 5,224 |
| Total liabilities | $ 5,914 | $ 5,224 |

(1) Represents reinsurance premiums due to State Farm subsidiaries.

*State Farm Term Loan*

In September 2023, Hagerty Re entered into an unsecured term loan facility with State Farm in an aggregate principal amount of $25.0 million and an interest rate of 8.0% per annum. The State Farm Term Loan will mature in September 2033. Refer to Note 14 — Debt for additional information.

***Other Related Party Transactions***

From time-to-time, in the ordinary course of business, related parties, such as members of the Board and management, purchase insurance policies from the Company, receive payments on claims required by the Company's insurance policies, and buy and sell collector cars and enthusiast vehicles through marketplace auctions or in private transactions.

**21 — Commitments and Contingencies**

*Employee Compensation Agreements* — In the ordinary course of conducting its business, the Company enters into certain employee compensation agreements from time to time which commit it to severance obligations in the event an employee terminates employment with the Company. If applicable, these obligations are recorded as accrued expenses on the Condensed Consolidated Balance Sheets.

*Pending Acquisition* — On June 30, 2026, the Company's subsidiary, Hagerty International Holdings Limited, entered into a definitive agreement to acquire all of the issued shares of Bennetts Motorcycling Services Limited, a specialty motorcycle insurance broker in the U.K., for a purchase price of approximately £34.0 million (approximately $43.0 million as of June 30, 2026). Completion of the transaction is subject to regulatory approval and other customary closing conditions and is expected to occur during the third quarter of 2026.

*Litigation* — From time to time, the Company is involved in various claims and legal actions that arise in the ordinary course of business. Management is required to assess the likelihood of any adverse judgments or outcomes related to these legal contingencies, as well as potential ranges of probable or reasonably possible losses. The determination of the amount of any losses to be recorded or disclosed as a result of these contingencies is based on a careful analysis of each individual exposure with, in some cases, the assistance of outside legal counsel. The amount of losses recorded or disclosed for such contingencies may change in the future due to new developments in each matter or a change in legal or settlement strategy. While the impact of any one or more legal claims or proceedings could be material to the Company's operating results in any period, management does not believe that the outcome of any of these pending claims or proceedings, individually or in the aggregate, will have a material adverse effect on the Company's consolidated financial condition or liquidity.

**22 — Subsequent Events**

Management has evaluated subsequent events through August 5, 2026, which is the date these Condensed Consolidated Financial Statements were issued, and no material subsequent events were identified that are required to be reported.

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Annual Report on Form 10-K ("Annual Report") and our Condensed Consolidated Financial Statements and related Notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q ("Quarterly Report"). This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Please refer to the section in this Quarterly Report entitled "Cautionary Statement Regarding Forward-Looking Statements".*

### Overview

We are a market leader in providing insurance for collector cars and enthusiast vehicles, helping the automotive enthusiast community protect and enjoy their special cars for over 40 years. Through our insurance model, our wholly owned subsidiary, Hagerty Reinsurance Limited ("Hagerty Re"), reinsures collector car and enthusiast vehicle insurance risks. Hagerty Re reinsures risks predominantly from policies issued by Essentia Insurance Company ("Essentia"), a subsidiary of Markel Group Inc. ("Markel"). Markel is a related party to the Company. Refer to Note 20 — Related-Party Transactions in Item 1 of Part I of this Quarterly Report for additional information on related party transactions with Markel.

We also operate as a Managing General Agent ("MGA") by underwriting, selling, and servicing collector car and enthusiast vehicle insurance policies on behalf of insurance carriers, including Hagerty Re under the Markel Fronting Arrangement. Our insurance products are complemented by our membership product, Hagerty Drivers Club ("HDC"), our renowned car events, and our media and entertainment platforms.

Complementing our insurance offerings, we operate a trusted marketplace where collectors and enthusiasts can buy and sell a wide range of vehicles, from entry level enthusiast vehicles to high value collector cars. Through our marketplace, we also provide financing solutions by structuring and issuing loans secured by collector cars.

Together, our integrated automotive ecosystem fosters a vibrant community where enthusiasts connect, share their passion, and access resources that enhance their ownership experience. Our vision is to be the world's most trusted and preferred brand for automotive enthusiasts to insure, buy, sell, and enjoy their special cars.

#### *Markel Fronting Arrangement*

On December 31, 2025, we entered into new contractual arrangements and amended the terms of our existing contractual arrangements with Markel and its affiliates. These coordinated transactions with Markel formed an arrangement that became effective January 1, 2026 (the "Markel Fronting Arrangement"). Under the Markel Fronting Arrangement: (i) we continue to issue policies through Essentia, with our underwriting authority (including pricing decisions, rate filing, insurance rating, and risk selections) and claims authority expanded to the maximum levels permitted by applicable law; (ii) we have assumed increased administrative responsibilities for the policies issued through Essentia; (iii) Hagerty Re controls 100% of the premium and assumes 100% of the risk for policies written through Essentia; and (iv) Hagerty Re pays an initial fronting fee, representing 2% of written premium, to Markel for administrative support, which incrementally decreases based on the level of written premium in each calendar year. We expect these changes to result in increased profitability and additional control, allowing for enhanced operational efficiencies.

Due to the expanded underwriting and claims authority granted to us under the Markel Fronting Arrangement, we now control the Essentia book of business. While our United States ("U.S.") MGA subsidiary and Hagerty Re continue to operate in the same manner they have historically, beginning on January 1, 2026, the benefit of our MGA services with respect to the Essentia book of business is being received by Hagerty Re and not Essentia. As a result, effective in the first quarter of 2026, we are no longer recognizing commission revenue or the associated ceding commission expense for Essentia-originated policies in our Condensed Consolidated Financial Statements. However, ceding commission expense associated with Essentia policies issued in 2025 will continue to be recognized ratably over the remaining term of those policies throughout 2026. In addition, policy acquisition costs incurred by our U.S. MGA subsidiary for Essentia policies issued in 2026 are being deferred and amortized over the policy term. Although we expect the Markel Fronting Arrangement to result in increased profitability, our reported commission revenue and ceding commission expense will be lower than in prior periods, reflecting the new contractual terms governing our relationship with Markel.

On December 31, 2025, in connection with the Markel Fronting Arrangement, we entered into a loss portfolio transfer agreement (the "LPT Agreement") that became effective on January 1, 2026. Pursuant to the LPT Agreement, Hagerty Re assumed 100% of the net retained liabilities for Essentia-originated policies issued prior to January 1, 2026 and received $50.5 million in cash consideration. For additional information regarding the Markel Fronting Arrangement and the LPT Agreement, refer to Note 3 — Markel Fronting Arrangement in Item 1 of Part I of this Quarterly Report.

***Reportable Segments***

Due to the continued revenue growth and recent geographic expansion of the marketplace business, beginning in the fourth quarter of 2025, we updated our segment reporting to reflect two operating and reportable segments: Insurance and Marketplace. Previously, we operated as a single operating and reportable segment. We have recast prior period segment information to conform to the current presentation in this Quarterly Report. For more information regarding segment reporting, refer to Note 5 — Segment Reporting and Disaggregated Revenue in Item 1 of Part I of this Quarterly Report.

**Recent Developments**

***Pending Acquisition***

On June 30, 2026, the Company's subsidiary, Hagerty International Holdings Limited, entered into a definitive agreement to acquire all of the issued shares of Bennetts Motorcycling Services Limited ("Bennetts"), a specialty motorcycle insurance broker in the United Kingdom ("U.K."), for a purchase price of approximately £34.0 million (approximately $43.0 million as of June 30, 2026). The transaction is subject to regulatory approval and other customary closing conditions and is expected to close during the third quarter of 2026.

This acquisition builds on the international momentum Hagerty has established through Broad Arrow Auctions, which has expanded its European presence over the past year. Together, both brands can create a more integrated enthusiast platform in the U.K. – combining specialty insurance, live and digital auctions and community engagement across both motorcycles and enthusiast cars with additional cross-sell opportunities.

**Components of Our Results of Operations**

***Revenue***

*Earned premium, net*

Earned premium represents the earned portion of written premiums assumed under quota share reinsurance agreements with insurance carriers, net of premiums ceded to various reinsurers. Premiums assumed and ceded are recognized on a pro-rata basis over the term of the reinsured policies, which is generally 12 months.

*Commission and fee revenue*

We generate commission and fee revenue through our MGA subsidiaries, primarily from the underwriting, sale, and servicing of collector car and enthusiast vehicle insurance policies on behalf of our insurance carrier partners. Commissions are earned for both new and renewed policies. Commission and fee revenue is earned when the policy becomes effective, net of allowances for policy changes and cancellations.

Effective January 1, 2026, commission revenue for Essentia-originated policies is no longer recognized in our Condensed Consolidated Statements of Operations, reflecting the new contractual terms governing our relationship with Markel, as discussed in more detail above under "*Markel Fronting Arrangement*". Commission and fee revenue continues to include commissions earned from our other MGA activities, including from a subsidiary of State Farm Mutual Automobile Insurance Company ("State Farm") and our insurance carrier partners in Canada and the U.K. State Farm is a related party to the Company. Refer to Note 20 — Related-Party Transactions in Item 1 of Part I of this Quarterly Report for additional information on related party transactions with State Farm.

*Marketplace revenue*

Our marketplace business generates revenue from two principal sources: (i) commission and fee-based revenue earned from the sale of collector cars and enthusiast vehicles through live auctions, time-based digital auctions, and brokered private sales; and (ii) revenue earned on the sale of collector cars and enthusiast vehicles that we have opportunistically acquired for resale. In addition, we earn finance revenue from loans made to qualified collectors and businesses secured by their collector cars.

Commission and fee-based marketplace revenue is recognized on a net basis when the underlying sale is completed, which is generally upon the matching of a seller and buyer in a legally binding sale transaction. Revenue from the sale of acquired collector cars and enthusiast vehicles is recognized on a gross basis at the point in time when title and control of the vehicle is transferred to the buyer, which is generally upon collection of the full purchase price. Finance revenue is recognized over time based on the amount of the outstanding loan, the applicable interest rate on the loan, and the length of time the loan was outstanding during the period.

*Membership and other revenue*

We earn subscription revenue from the sale of HDC memberships, which are bundled with our insurance policies and give members access to an array of products and services, including emergency roadside assistance, Hagerty Drivers Club Magazine, special access to automotive enthusiast events, our proprietary vehicle valuation tool, and special vehicle-related discounts. Revenue from the sale of HDC memberships is recognized ratably over the period of the membership. The membership is treated as a single performance obligation to provide access to stated Member benefits over the life of the membership, which is currently one year.

Other revenue primarily includes sponsorship, admission, and advertising revenue. Other revenue is recognized when the performance obligation for the related product or service is satisfied.

*Net investment income*

Net investment income primarily consists of interest earned on our cash, cash equivalents, and fixed maturity securities, and, to a lesser extent, dividends earned from equity securities. Net investment income is recorded net of related investment management fees and expenses.

*Net investment gains (losses)*

Net investment gains (losses) represents the cumulative difference between the cost basis (or carrying value) and the net proceeds received from the sale of investments during the period, as well as the change in fair value of our equity securities between periods.

***Expenses***

*Losses and loss adjustment expenses, net*

Losses and loss adjustment expenses represents our best estimate of the losses and associated settlement costs related to the risks we assume. Losses consist of claims paid, case reserves, and incurred but not reported ("IBNR") costs, which are recorded net of estimated recoveries from reinsurance, salvage, and subrogation. Loss adjustment expenses consist of the cost associated with processing and settling claims.

Throughout the year, we record a quarterly estimate of losses and loss adjustment expenses for the current accident year using an annual loss ratio, which is based on statistical analysis performed by our internal and external actuarial teams. The annual loss ratio is reviewed regularly throughout the year and adjusted, as necessary. Management believes this approach provides a more consistent view of loss experience over the year given the seasonality of our business.

Losses and loss adjustment expenses also includes the impact of reserve adjustments recorded to reflect the favorable or unfavorable development of prior accident year claims.

Effective January 1, 2026, as a result of the Markel Fronting Arrangement through which we assumed control of the Essentia book of business, internal overhead costs related to claims handling and settlement for this book of business are reported within losses and loss adjustment expenses. Prior to January 1, 2026, such costs were reported within Selling, general, and administrative expenses.

*Policy acquisition costs, net*

Policy acquisition costs represents costs directly related to the successful acquisition or renewal of insurance policies where we assume risk.

Prior to January 1, 2026, Policy acquisition costs included only the ceding commissions paid by Hagerty Re to insurance carriers for the risks assumed under the quota share agreements with those carriers. These commissions represented Hagerty Re's pro-rata share of the carrier's costs including (i) policy acquisition costs, which principally consisted of the commissions earned by our U.S. MGA subsidiary related to the Essentia book of business; (ii) general and administrative costs; and (iii) other costs.

Effective January 1, 2026, the definition of Policy acquisition costs includes costs incurred by our U.S. MGA subsidiary for the successful acquisition or renewal of insurance policies issued under the Markel Fronting Arrangement. The policy acquisition costs associated with the Markel Fronting Arrangement primarily include (i) third-party broker expense; (ii) certain salaries, benefits, and other costs associated with underwriting, selling, issuing, and processing policies; (iii) fees paid to the fronting carrier; and (iv) premium taxes. Policy acquisition costs also includes ceding commissions paid by Hagerty Re to other insurance carriers for the risks assumed under quota share agreements.

Effective January 1, 2026, ceding commission expense for Essentia-originated policies is no longer recognized in our Condensed Consolidated Statements of Operations, reflecting the new contractual terms governing our relationship with Markel, as discussed in more detail above under "*Markel Fronting Arrangement*".

Policy acquisition costs are recognized ratably over the term of the related policies, which is generally 12 months.

*Underwriting and other insurance expenses*

Underwriting and other insurance expenses consists of the operating costs incurred in connection with our risk taking activities. Effective January 1, 2026, as a result of the Markel Fronting Arrangement through which we assumed control of the Essentia book of business, Underwriting and other insurance expenses include costs incurred by our U.S. MGA subsidiary that are associated with our underwriting operations such as certain salaries and benefit costs, technology and systems costs that support the underwriting process, and expenses related to risk evaluation and pricing. Also included are general and administrative expenses attributable to the operations of our risk taking activities, including facilities costs, professional services fees, regulatory and compliance costs, and other overhead expenses. Prior to January 1, 2026, such costs were reported within Selling, general, and administrative expenses.

*Selling, general, and administrative expenses*

Selling, general, and administrative expenses primarily consists of the operating costs incurred by our non-risk taking activities, including our MGA, membership, events, and media activities, as well as our Marketplace segment. These costs primarily include salaries and benefits, sales expense, general and administrative expenses, and depreciation and amortization.

***Other Items***

*Interest expense and other, net*

Interest expense and other primarily includes interest expense related to outstanding borrowings, primarily related to our credit facility with JPMorgan Chase Bank, N.A. ("JPM"), as well as the State Farm Term Loan (as defined in Note 14 — Debt in Item 1 of Part I of this Quarterly Report). Interest expense and other also includes the amortization of the gain from the LPT Agreement, changes in the estimated value of the liability associated with the Tax Receivable Agreement ("TRA") ("TRA Liability"), and foreign currency transaction gains and losses. Refer to Note 3 — Markel Fronting Arrangement in Item 1 of Part I of this Quarterly Report for additional information related to the LPT Agreement. Refer to Note 19 — Taxation in Item 1 of Part I of this Quarterly Report for additional information related to the TRA.

*Income tax (expense) benefit*

The Hagerty Group, LLC ("THG") is taxed as a pass-through ownership structure under provisions of the Internal Revenue Code ("IRC") and a similar section of state income tax law. As such, any taxable income or loss generated by THG is passed through to and included in the taxable income or loss of THG unit holders, including Hagerty, Inc.

Hagerty, Inc. is taxed as a corporation and pays corporate federal, state, and local taxes with respect to income allocated from THG. Hagerty, Inc., Hagerty Insurance Holdings, Inc., Broad Arrow, Hagerty Radwood, Inc., and various foreign subsidiaries are treated as taxable entities and income taxes are provided where applicable. Hagerty Insurance Holdings, Inc. files a consolidated tax return with its wholly owned corporate subsidiaries Hagerty Re and Drivers Edge Insurance Company ("Drivers Edge").

**Key Operating Metrics**

In MD&A, we discuss certain key operating metrics for the Insurance and Marketplace segments, as described below. We use these key operating metrics to evaluate our business, measure our performance, identify trends against planned initiatives, prepare financial projections, and make strategic decisions.

***Insurance Segment***

*Total Written Premium* represents the total amount of insurance premium written by our MGA subsidiaries on behalf of our insurance carrier partners and wholly owned insurance carrier subsidiary, Drivers Edge, during the period. Total Written Premium reflects the direct economic benefit of our policy acquisition efforts.

*Net Assumed Premium* represents the amount of insurance premium assumed by Hagerty Re under quota share reinsurance arrangements with insurance carriers during the period, net of premiums ceded to various reinsurers. Net Assumed Premium is closely correlated with the growth of earned premium and underwriting results of Hagerty Re.

*Hagerty Re Loss Ratio* represents the ratio, expressed as a percentage, of (i) Hagerty Re's losses and loss adjustment expenses to (ii) its earned premium. Hagerty Re Loss Ratio is calculated using Hagerty Re's standalone financial statements. For the three and six months ended June 30, 2026, this excludes $3.2 million and $9.1 million, respectively, of claims handling expenses incurred by our MGA subsidiaries on behalf of Hagerty Re. Hagerty Re's standalone financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). This metric allows us to evaluate Hagerty Re's loss patterns on the basis of its standalone GAAP financial statements and track loss experience and identify trends that inform our pricing, reserving, and reinsurance decisions.

*Hagerty Re Combined Ratio* represents the ratio, expressed as a percentage, of (i) Hagerty Re's losses, loss adjustment expenses, policy acquisition costs, and underwriting and other insurance expenses to (ii) its earned premium. Hagerty Re Combined Ratio is calculated using Hagerty Re's standalone GAAP financial statements. For the three and six months ended June 30, 2026, this includes $43.7 million and $55.2 million, respectively, of commissions paid to our MGA subsidiaries that are eliminated in consolidation. This metric provides a benchmark to evaluate Hagerty Re's underwriting profitability on the basis of its standalone GAAP financial statements. A combined ratio under 100% indicates underwriting income while a combined ratio exceeding 100% indicates an underwriting loss.

*New Business Count* represents the number of new insurance policies written by our MGA subsidiaries during the period. New Business Count is an important metric to assess our financial performance because policy growth is critical to our success. While we benefit from strong policy retention through renewals, new policies more than offset those cancelled or non-renewed at expiration. New policies also often mean new relationships and an opportunity to sell additional products and services.

*Policies in Force* ("PIF") represents the number of current and active insurance policies written by our MGA subsidiaries as of the end of the period. PIF is an important metric to assess our financial performance because policy growth drives revenue growth, increases brand awareness and market penetration, generates additional insight to improve the performance of our platform, and provides key data to assist us in strategic decision making.

*PIF Retention* represents the percentage of expiring insurance policies written by our MGA subsidiaries that are renewed on the renewal effective date, calculated on a twelve months basis. PIF Retention is an important measurement of the number of policies retained each year, which contributes to our recurring revenue streams including commissions earned by our MGA subsidiaries, HDC membership fees, and earned premium generated by Hagerty Re.

*Vehicles in Force* represents the number of current vehicles that are insured by policies written by our MGA subsidiaries as of the end of the period. Vehicles in Force is an important metric to assess our financial performance because insured vehicle growth drives revenue growth and increases market penetration.

*HDC Paid Member Count* represents the number of current insurance policyholders and paid HDC subscribers (collectively, "Members") who pay an annual membership subscription as of the end of the period. HDC Paid Member Count primarily includes Members whose HDC membership is bundled with their insurance policy and paid as part of their policy premium. HDC Paid Member Count is an important metric because it helps us measure membership revenue growth and provides an opportunity to cross-sell other products and services to our Members.

***Marketplace Segment***

*Aggregate Auction Sales* represents the total purchase price paid by buyers, including our buyer's premium and fees, for vehicles and memorabilia purchased through Broad Arrow's live and online auctions, as well as through Hagerty Marketplace's online sale platform.

*Net Auction Sales* represents the total purchase price paid by buyers, excluding our buyer's premium and fees, for vehicles and memorabilia purchased through Broad Arrow's live and online auctions, as well as through Hagerty Marketplace's online sale platform.

*Private Sales* is a volume metric representing the total purchase price paid by buyers for all vehicles and memorabilia purchased through Broad Arrow's private sales business, including brokered sales and sales of our inventory.

*BAC Loan Portfolio Balance* represents the period end loan portfolio balance of Broad Arrow Capital LLC ("BAC") recorded on our Condensed Consolidated Balance Sheets.

*BAC Average Loan Portfolio* represents the monthly average loan portfolio balance of BAC during the period.

**Results of Operations for the Three Months Ended June 30, 2026 and 2025**

***Financial Highlights***

The table below presents a summary of key financial measures from our Condensed Consolidated Financial Statements, which are prepared in accordance with GAAP, as well as our non-GAAP financial measures.

| | Three months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Change | |
| **GAAP Financial Measures** | *dollars in thousands (except per share amounts)* | | | |
| Total revenue [1] | $ 354,822 | $ 379,309 | $ (24,487) | (6.5)% |
| Income before taxes | $ 2,232 | $ 53,363 | $ (51,131) | (95.8)% |
| Net income | $ 8,041 | $ 47,202 | $ (39,161) | (83.0)% |
| Net income (loss) attributable to Class A Common Stockholders | $ (1,668) | $ 9,098 | $ (10,766) | (118.3)% |
| Basic earnings (loss) per share ("EPS") | $ (0.02) | $ 0.09 | $ (0.11) | (122.2)% |
| Diluted EPS | $ (0.02) | $ 0.09 | $ (0.11) | (122.2)% |
| | | | | |
| **Non-GAAP Financial Measures** | | | | |
| Adjusted EBITDA [2] | $ 74,505 | $ 72,645 | $ 1,860 | 2.6 % |
| Adjusted Net Income (Loss) [2] | $ (6,188) | $ 43,450 | $ (49,638) | (114.2)% |
| Adjusted Diluted EPS [2] | $ (0.02) | $ 0.12 | $ (0.14) | (116.7)% |

(1) Refer to Note 2 — Summary of Significant Accounting Policies in Item 1 of Part I of this Quarterly Report for a reconciliation of prior year revenue to current year presentation.

(2) Adjusted EBITDA, Adjusted Net Income (Loss), and Adjusted Diluted EPS are non-GAAP financial measures. Please see the section titled "*Non-GAAP Financial Measures*" below for a description of these non-GAAP financial measures and a reconciliation to the most comparable GAAP measure, as well as a reconciliation of prior year Adjusted EBITDA to the current year presentation.

For the three months ended June 30, 2026, we reported Net income of $8.0 million, representing a $39.2 million, or 83.0%, decrease compared to the prior year, and Adjusted EBITDA of $74.5 million, representing a $1.9 million, or 2.6%, increase compared to the prior year.

In our Insurance segment, Income before taxes for the three months ended June 30, 2026 was $2.8 million, representing a $58.0 million decrease from the prior year. This decrease is due to the transition of our business under the Markel Fronting Arrangement, which resulted in lower Commission and fee revenue and the recognition of non-cash costs to amortize the remaining deferred ceding commissions for Essentia policies written in 2025. These factors are partially offset by a $74.2 million, or 41.7%, increase in Earned premium, net, reflecting the increase to our quota share percentage from 80% to 100% under the Markel Fronting Arrangement, as well as the continued growth of that book of business.

In our Marketplace segment, Income before taxes for the three months ended June 30, 2026 was $1.1 million, compared to a loss of $2.0 million in the prior period. The improved Marketplace segment results are principally due to increased auction revenue, which was driven by an 80.3% increase in Net Auction Sales from the 2026 Concorso d’Eleganza Villa d’Este Auction, reflecting further growth of Broad Arrow's international business.

***Insurance Segment***

The following table summarizes Insurance segment results of operations for the three months ended June 30, 2026 and 2025, and the dollar and percentage changes between the two periods:

| | Three months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| **Segment Results:** | *dollars in thousands* | | | |
| REVENUES: | | | | |
| Earned premium, net | $ 251,956 | $ 177,785 | $ 74,171 | 41.7 % |
| Commission and fee revenue | 23,665 | 143,287 | (119,622) | (83.5)% |
| Membership and other revenue | 21,361 | 20,741 | 620 | 3.0 % |
| Net investment income | 10,731 | 9,287 | 1,444 | 15.5 % |
| Net investment gains | 7,179 | 1,194 | 5,985 | N/M |
| Total revenue | 314,892 | 352,294 | (37,402) | (10.6)% |
| EXPENSES: | | | | |
| Losses and loss adjustment expenses, net | 110,709 | 75,213 | 35,496 | 47.2 % |
| Policy acquisition costs, net | 83,641 | 82,938 | 703 | 0.8 % |
| Underwriting and other insurance expenses | 62,947 | 1,222 | 61,725 | N/M |
| Selling, general, and administrative expenses | 55,931 | 131,634 | (75,703) | (57.5)% |
| Interest expense and other, net | (1,103) | 528 | (1,631) | N/M |
| Total expenses | 312,125 | 291,535 | 20,590 | 7.1 % |
| INCOME BEFORE TAXES | $ 2,767 | $ 60,759 | $ (57,992) | (95.4)% |
| **Operational Metrics:** | | | | |
| Total Written Premium | $ 424,502 | $ 355,985 | $ 68,517 | 19.2 % |
| Net Assumed Premium | $ 333,152 | $ 236,603 | $ 96,549 | 40.8 % |
| Hagerty Re Loss Ratio | 42.7 % | 42.3 % | 0.4 % | N/M |
| Hagerty Re Combined Ratio | 89.6 % | 89.6 % | — % | N/M |
| New Business Count — Insurance | 166,951 | 87,872 | 79,079 | 90.0 % |

| | June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Change | |
| **Operational Metrics:** | | | | |
| Policies in Force | 1,855,649 | 1,559,798 | 295,851 | 19.0 % |
| Policies in Force Retention | 88.2 % | 88.7 % | (0.5)% | N/M |
| Vehicles in Force | 3,031,566 | 2,664,611 | 366,955 | 13.8 % |
| HDC Paid Member Count | 961,929 | 907,963 | 53,966 | 5.9 % |

N/M = Not meaningful

As discussed in greater detail above under "*Markel Fronting Arrangement*", due to the expanded underwriting and claims authority granted to us under the Markel Fronting Arrangement, we now control the Essentia book of business. While our U.S. MGA subsidiary and Hagerty Re continue to operate in the same manner they have historically, beginning on January 1, 2026, the benefit of our MGA services is being received by Hagerty Re and not Essentia. As a result, effective in the first quarter of 2026, we are no longer recognizing commission revenue or the associated ceding commission expense for Essentia-originated policies in our Condensed Consolidated Financial Statements. However, ceding commission expense associated with Essentia policies issued in 2025 will continue to be recognized ratably over the remaining term of those policies throughout 2026. In addition, policy acquisition costs incurred by our U.S. MGA subsidiary for Essentia policies issued in 2026 are being deferred and amortized over the policy term. Accordingly, our entry into the Markel Fronting Arrangement has reduced the period-to-period comparability of our Condensed Consolidated Financial Statements.

The following table provides a reconciliation of the standalone results of operations for our Hagerty Re and MGA+ reporting units for the three months ended June 30, 2026, which reflect the continuing operations of those businesses, to total insurance segment results of operations included in our Condensed Consolidated Statements of Operations. This table is presented solely to improve the year-over-year comparability of our financial statements and should not be viewed on a standalone basis. It should be read together with our Condensed Consolidated Statements of Operations and the accompanying notes.

| | Three months ended June 30, 2026 | | | | | |
|---|---|---|---|---|---|---|
| | Hagerty Re: Essentia Policy Year 2025 [(a)] | Hagerty Re: Essentia Policy Year 2026 & Other Carriers [(b)] | Hagerty Re Total | MGA+ [(c)] | Consolidation Entries | Insurance Segment |
| REVENUES: | | | *in thousands* | | | |
| Earned premium, net | $ 157,365 | $ 94,591 | $ 251,956 | $ — | $ — | $ 251,956 |
| Commission and fee revenue | | | — | 167,213 | (143,548) [(e)] | 23,665 |
| Membership and other revenue | | | — | 21,361 | — | 21,361 |
| Net investment income | | | 9,694 | 1,037 | — | 10,731 |
| Net investment gains | | | 7,179 | — | — | 7,179 |
| Total revenue | | | 268,829 | 189,611 | (143,548) | 314,892 |
| EXPENSES: | | | | | | |
| Losses and loss adjustment expenses, net | | | 107,522 | 3,187 [(d)] | — | 110,709 |
| Policy acquisition costs, net: | | | | | | |
| Ceding commission expense | 71,614 | 38,959 | 110,573 | — | (43,647) [(e)] | 66,926 |
| Other policy acquisition costs | | | 4,560 | — | 12,155 [(f)] | 16,715 |
| Underwriting and other insurance expenses | | | 2,990 | 92,037 [(d)] | (32,080) [(f)] | 62,947 |
| Selling, general, and administrative expenses | | | — | 55,931 | — | 55,931 |
| Interest expense and other, net | | | (1,118) | 15 | — | (1,103) |
| Total expenses | | | 224,527 | 151,170 | (63,572) | 312,125 |
| INCOME BEFORE TAXES | | | $ 44,302 | $ 38,441 | $ (79,976) | $ 2,767 [(g)] |

(a) Represents Hagerty Re's earned premium and associated policy acquisition costs related to Essentia policies issued in 2025.
(b) Represents Hagerty Re's earned premium and associated policy acquisition costs related to Essentia policies issued in 2026 and through other carriers.
(c) The MGA+ reporting unit includes our MGA operations, as well as our membership, events, and media activities.
(d) Our MGA subsidiaries incur costs to fulfill certain underwriting and claims handling functions on behalf of Hagerty Re, for which they are compensated through an intercompany commission paid by Hagerty Re. These costs are reflected within the standalone results of our MGA+ reporting unit within "Losses and loss adjustment expenses, net" and "Underwriting and other insurance expenses".
(e) These consolidation entries are made to eliminate intercompany commission revenue and ceding commission expense between the Hagerty Re and MGA+ reporting units.
(f) These consolidation entries are made to defer $32.1 million in policy acquisition costs incurred by the MGA+ reporting unit in their standalone results of operations, which are then amortized over the underlying policy term in our Condensed Consolidated Statements of Operations. For the three months ended June 30, 2026, the amortization of such deferred policy acquisition costs totaled $12.2 million.
(g) Refer to Note 5 — Segment Reporting and Disaggregated Revenue in Item 1 of Part I of this Quarterly Report for a reconciliation of Insurance segment Income before taxes to consolidated Income before taxes.

*Earned premium, net*

Earned premium, net was $252.0 million for the three months ended June 30, 2026, an increase of $74.2 million, or 41.7%, compared to 2025. This increase is primarily driven by our entry into the Markel Fronting Arrangement, which became effective January 1, 2026 and increased Hagerty Re's U.S. quota share from approximately 80% to 100%, including for in-force policies written in 2025. To a lesser extent, the increase is driven by growth in subject premiums written through our MGA subsidiaries.

The following tables present premiums assumed and earned, as well as the related quota share percentages for the three months ended June 30, 2026 and 2025:

| | Three months ended June 30, 2026 | | | |
|---|---|---|---|---|
| | U.S. | Canada | U.K. [1] | Total |
| | *in thousands (except percentages)* | | | |
| Subject premium [2] | $ 346,295 | $ 30,046 | $ — | $ 376,341 |
| Quota share percentage | 100.0 % | 50.0 % | — % | 96.0 % |
| Assumed premium | 346,295 | 15,023 | — | 361,318 |
| Reinsurance premiums ceded | | | | (28,166) |
| Net assumed premium | | | | 333,152 |
| Change in unearned premiums | | | | (90,642) |
| Change in deferred reinsurance premiums | | | | 9,446 |
| Earned premium, net | | | | $ 251,956 |

(1) In 2026, we did not reinsure classic auto risks produced by our U.K. MGA subsidiary, and the prior book of business is in run-off.
(2) Represents the portion of total written premium subject to reinsurance agreements.

| | Three months ended June 30, 2025 | | | |
|---|---|---|---|---|
| | U.S. | Canada | U.K. [1] | Total |
| | *in thousands (except percentages)* | | | |
| Subject premium [2] | $ 290,188 | $ 27,014 | $ (43) | $ 317,159 |
| Quota share percentage | 81.0 % | 50.0 % | 80.0 % | 78.1 % |
| Assumed premium | 234,339 | 13,507 | (34) | 247,812 |
| Reinsurance premiums ceded | | | | (11,209) |
| Net assumed premium | | | | 236,603 |
| Change in unearned premiums | | | | (57,836) |
| Change in deferred reinsurance premiums | | | | (982) |
| Earned premium, net | | | | $ 177,785 |

(1) In 2025, we did not reinsure classic auto risks produced by our U.K. MGA subsidiary, and the prior book of business is in run-off.
(2) Represents the portion of total written premium subject to reinsurance agreements.

*Losses and loss adjustment expenses, net*

Losses and loss adjustment expenses, net were $110.7 million for the three months ended June 30, 2026, an increase of $35.5 million, or 47.2%, compared to 2025. This increase is primarily the result of the Markel Fronting Arrangement, which increased Hagerty Re's U.S. quota share from approximately 80% to 100% as of January 1, 2026 for all in-force policies. To a lesser extent, the increase is driven by continued growth of subject premiums written through our MGA subsidiaries.

For the three months ended June 30, 2026, the Hagerty Re Loss Ratio was 42.7%, an increase of 0.4% from 2025, when the Hagerty Re Loss Ratio was 42.3%. Refer to the section "*Losses and loss adjustment expenses, net*" under the Results of Operations for the six months ended June 30, 2026 for further discussion.

*Policy acquisition costs, net*

Policy acquisition costs, net were $83.6 million for the three months ended June 30, 2026, an increase of $0.7 million, or 0.8%, compared to 2025. Policy acquisition costs, net remained relatively flat despite growth in earned premium, reflecting a change in the composition of expenses following the transition of our business under the Markel Fronting Arrangement. Refer to the discussion of Policy acquisition costs, net within the section "*Components of Our Results of Operations*" above for additional details.

*Underwriting and other insurance expenses*

Underwriting and other insurance expenses were $62.9 million for the three months ended June 30, 2026, an increase of $61.7 million compared to 2025. This increase is primarily due to the transition of our business under the Markel Fronting Arrangement, which required a different classification of certain costs in our Condensed Consolidated Statements of Operations. Beginning in 2026, because we now control the Essentia book of business, certain operating costs incurred by our U.S. MGA subsidiary in support of our risk taking activities are classified within "Underwriting and other insurance expenses". In 2025, prior to assuming control of the Essentia book of business, these costs were categorized within "Selling, general, and administrative expenses".

*Net investment income and Net investment gains*

The following table presents the components of Net investment income and Net investment gains related to the Insurance segment for the three months ended June 30, 2026 and 2025:

| | Three months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| | *in thousands (except percentages)* | | | |
| Interest income | $ 10,761 | $ 9,378 | $ 1,383 | 14.7% |
| Dividend income | 157 | 39 | 118 | N/M |
| Investment management fees and expenses | (187) | (130) | (57) | (43.8)% |
| Net investment income | 10,731 | 9,287 | 1,444 | 15.5% |
| Net investment gains | 7,179 | 1,194 | 5,985 | N/M |
| Total | $ 17,910 | $ 10,481 | $ 7,429 | 70.9% |

N/M = Not meaningful

The increase in Net investment income is due to an increase in the size of our fixed maturity securities portfolio when compared to the prior year. The increase in Net investment gains is primarily driven by unrealized gains on equity securities in the period.

*Other revenues*

*Commission and fee revenue*

Commission and fee revenue was $23.7 million for the three months ended June 30, 2026, a decrease of $119.6 million, or 83.5%, compared to 2025. This decrease is primarily due to the transition of our business under the Markel Fronting Arrangement. Due to the expanded underwriting and claims authority granted to us under the Markel Fronting Arrangement, we now control the Essentia book of business and, as a result, beginning on January 1, 2026, the benefit of our MGA services is being received by Hagerty Re and not Essentia. As a result, effective in the first quarter of 2026, we no longer recognize commission revenue for Essentia-originated policies in our Condensed Consolidated Financial Statements. This decrease is partially offset by an increase of $5.0 million related to policies written under the State Farm Master Alliance Agreement.

*Membership and other revenue*

Membership and other revenue was $21.4 million for the three months ended June 30, 2026, an increase of $0.6 million, or 3.0%, compared to 2025. This increase is primarily due to a $1.5 million, or 10.1%, increase in revenue attributable to new insurance policies issued with a bundled HDC membership, partially offset by a decrease of $0.7 million in advertising revenue.

*Other expenses*

*Selling, general, and administrative expenses*

Selling, general, and administrative expenses were $55.9 million for the three months ended June 30, 2026, a decrease of $75.7 million, or 57.5%, compared to 2025. This decrease is primarily due to the transition of our business under the Markel Fronting Arrangement, which required a different classification of certain costs in our Condensed Consolidated Statements of Operations. Beginning in 2026, because we now control the Essentia book of business, certain costs incurred by our U.S. MGA subsidiary in support of our risk taking activities, are classified within "Losses and loss adjustment expenses, net", "Policy acquisition costs, net", and "Underwriting and other insurance expenses". In 2025, prior to assuming control of the Essentia book of business, these costs were categorized within "Selling, general, and administrative expenses".

***Marketplace Segment***

The following table summarizes Marketplace segment results of operations for the three months ended June 30, 2026 and 2025, and the dollar and percentage changes between the two periods:

| | Three months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| **Segment Results:** | *in thousands (except percentages)* | | | |
| REVENUES: | | | | |
| Marketplace revenue | $ 39,658 | $ 26,886 | $ 12,772 | 47.5 % |
| Net investment income | 272 | 129 | 143 | 110.9 % |
| Total revenue | 39,930 | 27,015 | 12,915 | 47.8 % |
| EXPENSES: | | | | |
| Selling, general, and administrative expenses (1) | 38,984 | 29,165 | 9,819 | 33.7 % |
| Interest expense and other, net | (106) | (144) | 38 | 26.4 % |
| Total expenses | 38,878 | 29,021 | 9,857 | 34.0 % |
| INCOME (LOSS) BEFORE TAXES | $ 1,052 | $ (2,006) | $ 3,058 | 152.4 % |
| **Operational Metrics:** | | | | |
| Aggregate Auction Sales | $ 104,446 | $ 49,408 | $ 55,038 | 111.4 % |
| Net Auction Sales | $ 94,374 | $ 44,837 | $ 49,537 | 110.5 % |
| Private Sales (2) | $ 44,136 | $ 114,776 | $ (70,640) | (61.5)% |
| BAC Average Loan Portfolio | $ 146,363 | $ 81,233 | $ 65,130 | 80.2 % |

| | June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| **Operational Metrics:** | *in thousands (except percentages)* | | | |
| BAC Loan Portfolio Balance | $ 146,550 | $ 84,515 | $ 62,035 | 73.4 % |

(1) Selling expenses include direct costs associated with the sale of vehicles and memorabilia through auctions and private sales, including the purchase price and associated direct costs of inventory when Broad Arrow opportunistically purchases vehicles to be sold through auctions or private sales, as well as interest expense and borrowing costs associated with the BAC Credit Facility.

(2) Private Sales is a gross transaction-volume metric that includes both brokered private sales, for which we recognize revenue on a net commission basis, and sales of our inventory, for which we recognize revenue on a gross basis. The decrease in Private Sales is primarily attributable to lower brokered private sale volume compared to the prior year, which included the private sale of a sizable single-owner collection. Because brokered private sales are recognized net, this decline did not have a proportionate impact on Marketplace revenue or income before taxes.

Income before taxes for the Marketplace segment was $1.1 million for the three months ended June 30, 2026, an increase of $3.1 million compared to 2025. The improved Marketplace segment results are principally due to increased auction revenue, which was driven by an 80.3% increase in Net Auction Sales attributable to the 2026 Concorso d’Eleganza Villa d’Este Auction. To a much lesser extent, the increase in Marketplace segment results is driven by an increase in finance revenue due to an 80.2% increase in the BAC Average Loan Portfolio Balance during the period, which was enabled by the upsizing of the BAC Credit Facility in the fourth quarter of 2025.

***Interest expense and other, net***

| | Three months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| | *in thousands (except percentages)* | | | |
| Amortization of deferred LPT gain | $ (1,632) | $ — | $ (1,632) | (100.0)% |
| Interest expense | 1,760 | 1,999 | (239) | (12.0)% |
| Change in TRA Liability | — | 3,078 | (3,078) | (100.0)% |
| Other (income) expense | (100) | (131) | 31 | 23.7 % |
| Interest expense and other, net | $ 28 | $ 4,946 | $ (4,918) | (99.4)% |

*Amortization of deferred LPT gain*

Amortization of the deferred gain associated with the LPT Agreement was $1.6 million for the three months ended June 30, 2026, with no comparable amount in the prior year period. The LPT Agreement became effective on January 1, 2026 in connection with the Markel Fronting Arrangement, and the associated deferred gain is being recognized within "Interest expense and other, net" over the expected period of future claim payments. Refer to Note 3 — Markel Fronting Arrangement in Item 1 of Part I of this Quarterly Report for additional information.

*Interest expense*

During the three months ended June 30, 2026, Interest expense decreased $0.2 million compared to 2025. This decrease is the result of a lower interest rate incurred on borrowings under the JPM Credit Facility for the three months ended June 30, 2026, when compared to the prior year.

*Change in TRA Liability*

During the three months ended June 30, 2025, we recorded $3.1 million of expense due to a change in the value of the TRA Liability. There was no such expense recorded during the three months ended June 30, 2026. The expense related to the remeasurement of the TRA Liability is recorded within "Interest expense and other, net" in the Condensed Consolidated Statements of Operations. Refer to Note 19 — Taxation in Item 1 of Part I of this Quarterly Report for additional information.

*Income tax (expense) benefit*

We are the sole managing member of THG, and as a result, consolidate its financial results. THG is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, THG is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by THG is passed through and included in the taxable income or loss of its members, including Hagerty, Inc., on a pro rata basis. Hagerty, Inc. is subject to U.S. federal, state and local income taxes with respect to its allocable share of any taxable income or loss of THG, as well as any of its stand-alone income or loss. In addition, Hagerty Insurance Holdings, Inc., Broad Arrow, Hagerty Radwood, Inc., and various foreign subsidiaries are treated as taxable entities. Hagerty Insurance Holdings, Inc. files a consolidated tax return with its wholly owned corporate subsidiaries Hagerty Re and Drivers Edge.

For the three months ended June 30, 2026, we recorded an income tax benefit of $5.8 million, resulting in an effective tax rate of (260.3)%, compared to income tax expense of $6.2 million for the three months ended June 30, 2025, resulting in an effective tax rate of 11.5%. The change in income tax benefit (expense) period over period is driven by non-reversing temporary differences between taxable income and pre-tax book income related to the Markel Fronting Arrangement, partially offset by higher earnings in Hagerty Re and an increase in Hagerty, Inc.'s allocable share of income from THG.

**Results of Operations for the Six Months Ended June 30, 2026 and 2025**

***Financial Highlights***

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Change | |
| **GAAP Financial Measures** | *dollars in thousands (except per share amounts)* | | | |
| Total revenue [1] | $ 666,652 | $ 707,645 | $ (40,993) | (5.8)% |
| Income (loss) before taxes | $ (18,705) | $ 86,145 | $ (104,850) | (121.7)% |
| Net income (loss) | $ (4,704) | $ 74,495 | $ (79,199) | (106.3)% |
| Net income (loss) attributable to Class A Common Stockholders | $ (8,189) | $ 15,594 | $ (23,783) | (152.5)% |
| Basic EPS | $ (0.08) | $ 0.16 | $ (0.24) | (150.0)% |
| Diluted EPS | $ (0.08) | $ 0.16 | $ (0.24) | (150.0)% |
| | | | | |
| **Non-GAAP Financial Measures** | | | | |
| Adjusted EBITDA [2] | $ 159,690 | $ 120,796 | $ 38,894 | 32.2 % |
| Adjusted Net Income (Loss) [2] | $ (19,332) | $ 68,802 | $ (88,134) | (128.1)% |
| Adjusted Diluted EPS [2] | $ (0.05) | $ 0.19 | $ (0.24) | (126.3)% |

(1) Refer to Note 2 — Summary of Significant Accounting Policies in Item 1 of Part I of this Quarterly Report for a reconciliation of prior year revenue to current year presentation.
(2) Adjusted EBITDA, Adjusted Net Income (Loss), and Adjusted Diluted EPS are non-GAAP financial measures. Please see the section titled "*Non-GAAP Financial Measures*" below for a description of these non-GAAP financial measures and a reconciliation to the most comparable GAAP measure, as well as a reconciliation of prior year Adjusted EBITDA to the current year presentation.

For the six months ended June 30, 2026, we reported a Net loss of $4.7 million, representing a $79.2 million decrease compared to the prior year, and Adjusted EBITDA of $159.7 million, representing a $38.9 million, or 32.2%, increase compared to the prior year.

In our Insurance segment, Loss before taxes for the six months ended June 30, 2026 was $17.6 million, representing a $111.2 million decrease from the prior year. The loss for the current period is due to the transition of our business under the Markel Fronting Arrangement, which resulted in a decrease in Commission and fee revenue and the recognition of non-cash costs to amortize the remaining deferred ceding commissions for Essentia policies written in 2025. These factors are partially offset by a $144.5 million, or 41.6%, increase in Earned premium, net, reflecting the increase to our quota share percentage from 80% to 100% under the Markel Fronting Arrangement, as well as the continued growth of that book of business.

In our Marketplace segment, Income before taxes for the six months ended June 30, 2026 was $1.8 million, compared to a loss of $0.5 million in the prior period. The improved Marketplace segment results are principally due to increased auction revenue, which was driven by increases in Net Auction Sales of 90.0% and 80.3% from The Amelia and the Concorso d'Eleganza Villa d'Este auctions, respectively. To a much lesser extent, the increase in auction revenue is also due to the inaugural Global Icons online auction during the Salon Retromobile week in Paris and the inaugural Spring Global Icons auction.

***Insurance Segment***

The following table summarizes Insurance segment results of operations for the six months ended June 30, 2026 and 2025, and the dollar and percentage changes between the two periods:

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| **Segment Results:** | *dollars in thousands* | | | |
| REVENUES: | | | | |
| Earned premium, net | $ 491,598 | $ 347,140 | $ 144,458 | 41.6 % |
| Commission and fee revenue | 40,100 | 243,574 | (203,474) | (83.5)% |
| Membership and other revenue | 43,488 | 41,606 | 1,882 | 4.5 % |
| Net investment income | 20,745 | 18,170 | 2,575 | 14.2 % |
| Net investment gains | 4,890 | 879 | 4,011 | N/M |
| Total revenue | 600,821 | 651,369 | (50,548) | (7.8)% |
| EXPENSES: | | | | |
| Losses and loss adjustment expenses, net | 208,628 | 146,343 | 62,285 | 42.6 % |
| Policy acquisition costs, net | 185,563 | 160,271 | 25,292 | 15.8 % |
| Underwriting and other insurance expenses | 122,535 | 2,579 | 119,956 | N/M |
| Selling, general, and administrative expenses | 102,797 | 247,575 | (144,778) | (58.5)% |
| Interest expense and other, net | (1,119) | 940 | (2,059) | N/M |
| Total expenses | 618,404 | 557,708 | 60,696 | 10.9 % |
| INCOME (LOSS) BEFORE TAXES | $ (17,583) | $ 93,661 | $ (111,244) | (118.8)% |
| **Operational Metrics:** | | | | |
| Total Written Premium | $ 713,448 | $ 600,312 | $ 113,136 | 18.8 % |
| Net Assumed Premium | $ 650,498 | $ 392,254 | $ 258,244 | 65.8 % |
| Hagerty Re Loss Ratio | 40.6 % | 42.2 % | (1.6)% | N/M |
| Hagerty Re Combined Ratio | 88.1 % | 89.1 % | (1.0)% | N/M |
| New Business Count — Insurance | 278,847 | 143,181 | 135,666 | 94.8 % |

| | June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Change | |
| **Operational Metrics:** | | | | |
| Policies in Force | 1,855,649 | 1,559,798 | 295,851 | 19.0 % |
| Policies in Force Retention | 88.2 % | 88.7 % | (0.5)% | N/M |
| Vehicles in Force | 3,031,566 | 2,664,611 | 366,955 | 13.8 % |
| HDC Paid Member Count | 961,929 | 907,963 | 53,966 | 5.9 % |

N/M = Not meaningful

As discussed in greater detail above under "*Markel Fronting Arrangement*", due to the expanded underwriting and claims authority granted to us under the Markel Fronting Arrangement, we now control the Essentia book of business. While our U.S. MGA subsidiary and Hagerty Re continue to operate in the same manner they have historically, beginning on January 1, 2026, the benefit of our MGA services is being received by Hagerty Re and not Essentia. As a result, effective in the first quarter of 2026, we are no longer recognizing commission revenue or the associated ceding commission expense for Essentia-originated policies in our Condensed Consolidated Financial Statements. However, ceding commission expense associated with Essentia policies issued in 2025 will continue to be recognized ratably over the remaining term of those policies throughout 2026. In addition, policy acquisition costs incurred by our U.S. MGA subsidiary for Essentia policies issued in 2026 are being deferred and amortized over the policy term. Accordingly, our entry into the Markel Fronting Arrangement has reduced the period-to-period comparability of our Condensed Consolidated Financial Statements.

The following table provides a reconciliation of the standalone results of operations for our Hagerty Re and MGA+ reporting units for the six months ended June 30, 2026, which reflect the continuing operations of those businesses, to our Condensed Consolidated Statements of Operations. This table is presented solely to improve the year-over-year comparability of our financial statements and should not be viewed on a standalone basis. It should be read together with our Condensed Consolidated Statements of Operations and the accompanying notes.

| | Six months ended June 30, 2026 | | | | | |
|---|---|---|---|---|---|---|
| | Hagerty Re: Essentia Policy Year 2025 [(a)] | Hagerty Re: Essentia Policy Year 2026 & Other Carriers [(b)] | Hagerty Re Total | MGA+ [(c)] | Consolidation Entries | Insurance Segment |
| REVENUES: | | | *in thousands* | | | |
| Earned premium, net | $ 375,638 | $ 115,960 | $ 491,598 | $ — | $ — | $ 491,598 |
| Commission and fee revenue | | | — | 287,449 | (247,349) [(e)] | 40,100 |
| Membership and other revenue | | | — | 43,488 | — | 43,488 |
| Net investment income | | | 18,926 | 1,819 | — | 20,745 |
| Net investment gains | | | 4,890 | — | — | 4,890 |
| Total revenue | | | 515,414 | 332,756 | (247,349) | 600,821 |
| EXPENSES: | | | | | | |
| Losses and loss adjustment expenses, net | | | 199,487 | 9,141 [(d)] | — | 208,628 |
| Policy acquisition costs, net: | | | | | | |
| Ceding commission expense | 170,971 | 47,700 | 218,671 | — | (55,188) [(e)] | 163,483 |
| Other policy acquisition costs | | | 5,787 | — | 16,293 [(f)] | 22,080 |
| Underwriting and other insurance expenses | | | 9,040 | 170,740 [(d)] | (57,245) [(f)] | 122,535 |
| Selling, general, and administrative expenses | | | — | 102,797 | — | 102,797 |
| Interest expense and other, net | | | (1,911) | 792 | — | (1,119) |
| Total expenses | | | 431,074 | 283,470 | (96,140) | 618,404 |
| INCOME (LOSS) BEFORE TAXES | | | $ 84,340 | $ 49,286 | $ (151,209) | $ (17,583) [(g)] |

(a) Represents Hagerty Re's earned premium and associated policy acquisition costs related to Essentia policies issued in 2025.
(b) Represents Hagerty Re's earned premium and associated policy acquisition costs related to Essentia policies issued in 2026 and through other carriers.
(c) The MGA+ reporting unit includes our MGA operations, as well as our membership, events, and media activities.
(d) Our MGA subsidiaries incur costs to fulfill certain underwriting and claims handling functions on behalf of Hagerty Re, for which they are compensated through an intercompany commission paid by Hagerty Re. These costs are reflected within the standalone results of our MGA+ reporting unit within "Losses and loss adjustment expenses, net" and "Underwriting and other insurance expenses".
(e) These consolidation entries are made to eliminate intercompany commission revenue and ceding commission expense between the Hagerty Re and MGA+ reporting units.
(f) These consolidation entries are made to defer $57.2 million in policy acquisition costs incurred by the MGA+ reporting unit in their standalone results of operations, which are then amortized over the underlying policy term in our Condensed Consolidated Statements of Operations. For the six months ended June 30, 2026, the amortization of such deferred policy acquisition costs totaled $16.3 million.
(g) Refer to Note 5 — Segment Reporting and Disaggregated Revenue in Item 1 of Part I of this Quarterly Report for a reconciliation of Insurance segment Income (loss) before taxes to consolidated Income (loss) before taxes.

*Earned premium, net*

Earned premium, net was $491.6 million for the six months ended June 30, 2026, an increase of $144.5 million, or 41.6%, compared to 2025. This increase is primarily driven by our entry into the Markel Fronting Arrangement, which became effective January 1, 2026 and increased Hagerty Re's U.S. quota share from approximately 80% to 100%, including for in-force policies written in 2025. To a lesser extent, the increase is driven by growth in subject premiums written through our MGA subsidiaries.

The following tables present premiums assumed and earned, as well as the related quota share percentages for the six months ended June 30, 2026 and 2025:

| | Six months ended June 30, 2026 | | | |
|---|---|---|---|---|
| | U.S. | Canada | U.K. (1) | Total |
| | in thousands (except percentages) | | | |
| Subject premium (2) (3) | $ 692,032 | $ 39,041 | $ — | $ 731,073 |
| Quota share percentage | 100.0 % | 50.0 % | — % | 97.3 % |
| Assumed premium (3) | 692,032 | 19,521 | — | 711,553 |
| Reinsurance premiums ceded | | | | (61,055) |
| Net assumed premium | | | | 650,498 |
| Change in unearned premiums | | | | (186,806) |
| Change in deferred reinsurance premiums | | | | 27,906 |
| Earned premium, net | | | | $ 491,598 |

(1) In 2026, we did not reinsure classic auto risks produced by our U.K. MGA subsidiary, and the prior book of business is in run-off.
(2) Represents the portion of total written premium subject to reinsurance agreements.
(3) Includes $92.6 million of premium assumed on January 1, 2026 in connection with our entry into the Markel Fronting Arrangement, representing the incremental 20% risk assumed for policies issued in 2025.

| | Six months ended June 30, 2025 | | | |
|---|---|---|---|---|
| | U.S. | Canada | U.K. (1) | Total |
| | in thousands (except percentages) | | | |
| Subject premium (2) | $ 502,056 | $ 34,526 | $ (37) | $ 536,545 |
| Quota share percentage | 81.0 % | 50.0 % | 80.0 % | 78.9 % |
| Assumed premium | 406,089 | 17,263 | (29) | 423,323 |
| Reinsurance premiums ceded | | | | (31,069) |
| Net assumed premium | | | | 392,254 |
| Change in unearned premiums | | | | (52,414) |
| Change in deferred reinsurance premiums | | | | 7,300 |
| Earned premium, net | | | | $ 347,140 |

(1) In 2025, we did not reinsure classic auto risks produced by our U.K. MGA subsidiary, and the prior book of business is in run-off.
(2) Represents the portion of total written premium subject to reinsurance agreements.

*Losses and loss adjustment expenses, net*

Losses and loss adjustment expenses, net were $208.6 million for the six months ended June 30, 2026, an increase of $62.3 million, or 42.6%, compared to 2025. This increase is primarily the result of the Markel Fronting Arrangement, which increased Hagerty Re's U.S. quota share from approximately 80% to 100% as of January 1, 2026 for all in-force policies. To a lesser extent, the increase is driven by continued growth of subject premiums written through our MGA subsidiaries.

During the six months ended June 30, 2026, loss experience developed favorably resulting in a $6.1 million reserve reduction, primarily driven by the continued emergence of lower physical damage losses for the 2025 accident year. During the six months ended June 30, 2025, losses and loss adjustment expenses included $10.3 million of pre-tax losses related to the Southern California Wildfires.

For the six months ended June 30, 2026, the Hagerty Re Loss Ratio was 40.6%, a decrease of 1.6% from 2025, when the Hagerty Re Loss Ratio was 42.2%.

*Policy acquisition costs, net*

Policy acquisition costs, net were $185.6 million for the six months ended June 30, 2026, an increase of $25.3 million, or 15.8%, compared to 2025. This increase is due to the transition of our business under the Markel Fronting Arrangement, which resulted in incremental ceding commission expense for in-force policies written in 2025 and assumed at 100% on January 1, 2026. Also contributing to the increase in policy acquisition costs over the prior year is the continued growth of subject premiums and resulting increase in earned premium. This increase was partially offset by a decrease in Policy acquisition costs as a result of a change in the composition of expenses following our entry into the Markel Fronting Arrangement. In the prior year, Policy acquisition costs predominantly included the ceding commissions paid by Hagerty Re to Essentia for the risks assumed under the prior quota share agreement. Effective January 1, 2026, because we now control the Essentia book of business, Policy acquisition costs, net include costs incurred by our U.S. MGA subsidiary for the successful acquisition or renewal of insurance policies issued under the Markel Fronting Arrangement. These policy acquisition costs are deferred and recognized ratably over the term of the related policies, which is generally 12 months. Costs that are not directly attributable to the successful acquisition of policies where we assume risk are expensed as incurred within "Underwriting and other insurance expenses".

*Underwriting and other insurance expenses*

Underwriting and other insurance expenses were $122.5 million for the six months ended June 30, 2026, an increase of $120.0 million compared to 2025. This increase is primarily due to the transition of our business under the Markel Fronting Arrangement, which required a different classification of certain costs in our Condensed Consolidated Statements of Operations. Beginning in 2026, because we now control the Essentia book of business, certain operating costs incurred by our U.S. MGA subsidiary in support of our risk taking activities are classified within "Underwriting and other insurance expenses". In 2025, prior to assuming control of the Essentia book of business, these costs were categorized within "Selling, general, and administrative expenses".

*Net investment income and Net investment gains*

The following table presents the components of Net investment income and Net investment gains related to the Insurance segment for the six months ended June 30, 2026 and 2025:

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| | *in thousands (except percentages)* | | | |
| Interest income | $ 20,745 | $ 18,348 | $ 2,397 | 13.1% |
| Dividend income | 364 | 79 | 285 | N/M |
| Investment management fees and expenses | (364) | (257) | (107) | (41.6)% |
| Net investment income | 20,745 | 18,170 | 2,575 | 14.2% |
| Net investment gains | 4,890 | 879 | 4,011 | N/M |
| Total | $ 25,635 | $ 19,049 | $ 6,586 | 34.6% |

N/M = Not meaningful

The increase in Net investment income is due to an increase in the size of our fixed maturity securities portfolio when compared to the prior year. The increase in Net investment gains is primarily driven by unrealized gains on equity securities in the period.

*Other revenues*

*Commission and fee revenue*

Commission and fee revenue was $40.1 million for the six months ended June 30, 2026, a decrease of $203.5 million, or 83.5%, compared to 2025. This decrease is primarily due to the transition of our business under the Markel Fronting Arrangement. Due to the expanded underwriting and claims authority granted to us under the Markel Fronting Arrangement, we now control the Essentia book of business and, as a result, beginning on January 1, 2026, the benefit of our MGA services is being received by Hagerty Re and not Essentia. As a result, effective in the first quarter of 2026, we no longer recognize commission revenue for Essentia-originated policies in our Condensed Consolidated Financial Statements. This decrease is partially offset by an increase of $10.5 million related to policies written under the State Farm Master Alliance Agreement.

*Membership and other revenue*

Membership and other revenue was $43.5 million for the six months ended June 30, 2026, an increase of $1.9 million, or 4.5%, compared to 2025. This increase is primarily due to a $2.9 million, or 10.2%, increase in revenue attributable to new insurance policies issued with a bundled HDC membership.

*Other expenses*

*Selling, general, and administrative expenses*

Selling, general, and administrative expenses were $102.8 million for the six months ended June 30, 2026, a decrease of $144.8 million, or 58.5%, compared to 2025. This decrease is primarily due to the transition of our business under the Markel Fronting Arrangement, which required a different classification of certain costs in our Condensed Consolidated Statements of Operations. Beginning in 2026, because we now control the Essentia book of business, certain costs incurred by our U.S. MGA subsidiary in support of our risk taking activities, are classified within "Losses and loss adjustment expenses, net", "Policy acquisition costs, net", and "Underwriting and other insurance expenses". In 2025, prior to assuming control of the Essentia book of business, these costs were categorized within "Selling, general, and administrative expenses".

***Marketplace Segment***

The following table summarizes Marketplace segment results of operations for the six months ended June 30, 2026 and 2025, and the dollar and percentage changes between the two periods:

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| **Segment Results:** | *in thousands (except percentages)* | | | |
| REVENUES: | | | | |
| Marketplace revenue | $ 65,310 | $ 55,972 | $ 9,338 | 16.7 % |
| Net investment income | 521 | 304 | 217 | 71.4 % |
| Total revenue | 65,831 | 56,276 | 9,555 | 17.0 % |
| EXPENSES: | | | | |
| Selling, general, and administrative expenses [1] | 64,256 | 57,004 | 7,252 | 12.7 % |
| Interest expense and other, net | (263) | (260) | (3) | (1.2)% |
| Total expenses | 63,993 | 56,744 | 7,249 | 12.8 % |
| INCOME (LOSS) BEFORE TAXES | $ 1,838 | $ (468) | $ 2,306 | N/M |
| **Operational Metrics:** | | | | |
| Aggregate Auction Sales | $ 239,825 | $ 124,744 | $ 115,081 | 92.3 % |
| Net Auction Sales | $ 217,810 | $ 113,050 | $ 104,760 | 92.7 % |
| Private Sales [2] | $ 80,966 | $ 168,445 | $ (87,479) | (51.9)% |
| BAC Average Loan Portfolio | $ 141,472 | $ 72,009 | $ 69,463 | 96.5 % |

| | June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| **Operational Metrics:** | *in thousands (except percentages)* | | | |
| BAC Loan Portfolio Balance | $ 146,550 | $ 84,515 | $ 62,035 | 73.4 % |

N/M = Not meaningful

(1) Selling expenses include direct costs associated with the sale of vehicles and memorabilia through auctions and private sales, including the purchase price and associated direct costs of inventory when Broad Arrow opportunistically purchases vehicles to be sold through auctions or private sales, as well as interest expense and borrowing costs associated with the BAC Credit Facility.

(2) Private Sales is a gross transaction-volume metric that includes both brokered private sales, for which we recognize revenue on a net commission basis, and sales of our inventory, for which we recognize revenue on a gross basis. The decrease in Private Sales is primarily attributable to lower brokered private sale volume compared to the prior year, which included the private sale of a sizable single-owner collection. Because brokered private sales are recognized net, this decline did not have a proportionate impact on Marketplace revenue or income before taxes.

Income before taxes for the Marketplace segment was $1.8 million for the six months ended June 30, 2026, an increase of $2.3 million compared to 2025. Current period results reflect strong results at The Amelia and the Concorso d'Eleganza Villa d'Este auctions, with increases in Net Auction Sales of 90.0% and 80.3%, respectively. To a lesser extent, the increase in auction revenue is also due to the inaugural Global Icons online auction during the Salon Retromobile week in Paris and the inaugural Spring Global Icons auction. Lastly, the increase in Marketplace segment results reflects the 96.5% increase in the BAC Average Loan Portfolio Balance during the period, which was enabled by the upsizing of the BAC Credit Facility in the fourth quarter of 2025.

***Interest expense and other, net***

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| | *in thousands (except percentages)* | | | |
| Amortization of deferred LPT gain | $ (2,940) | $ — | $ (2,940) | (100.0)% |
| Interest expense | 3,377 | 3,907 | (530) | (13.6)% |
| Change in TRA Liability | — | 3,078 | (3,078) | (100.0)% |
| Other (income) expense | 513 | (350) | 863 | N/M |
| Interest expense and other, net | $ 950 | $ 6,635 | $ (5,685) | (85.7)% |

N/M = Not meaningful

*Amortization of deferred LPT gain*

Amortization of the deferred gain associated with the LPT Agreement was $2.9 million for the six months ended June 30, 2026, with no comparable amount in the prior year period. The LPT Agreement became effective on January 1, 2026 in connection with the Markel Fronting Arrangement, and the associated deferred gain is being recognized within "Interest expense and other, net" over the expected period of future claim payments. Refer to Note 3 — Markel Fronting Arrangement in Item 1 of Part I of this Quarterly Report for additional information.

*Interest expense*

During the six months ended June 30, 2026, Interest expense decreased $0.5 million compared to 2025. This decrease is the result of a lower interest rate incurred on borrowings under the JPM Credit Facility for the six months ended June 30, 2026, when compared to the prior year.

*Change in TRA Liability*

During the six months ended June 30, 2025, we recorded $3.1 million of expense due to a change in the value of the TRA Liability. There was no such expense recorded during the six months ended June 30, 2026. The expense related to the remeasurement of the TRA Liability is recorded within "Interest expense and other, net" in the Condensed Consolidated Statements of Operations. Refer to Note 19 — Taxation in Item 1 of Part I of this Quarterly Report for additional information.

*Income tax (expense) benefit*

We are the sole managing member of THG, and as a result, consolidate its financial results. THG is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, THG is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by THG is passed through and included in the taxable income or loss of its members, including Hagerty, Inc., on a pro rata basis. Hagerty, Inc. is subject to U.S. federal, state and local income taxes with respect to its allocable share of any taxable income or loss of THG, as well as any of its stand-alone income or loss. In addition, Hagerty Insurance Holdings, Inc., Broad Arrow, Hagerty Radwood, Inc., and various foreign subsidiaries are treated as taxable entities. Hagerty Insurance Holdings, Inc. files a consolidated tax return with its wholly owned corporate subsidiaries Hagerty Re and Drivers Edge.

For the six months ended June 30, 2026, we recorded an income tax benefit of $14.0 million, resulting in an effective tax rate of 74.9%, compared to income tax expense of $11.7 million for the six months ended June 30, 2025, resulting in an effective tax rate of 13.5%. The change in income tax benefit (expense) period over period is driven by non-reversing temporary differences between taxable income and pre-tax book income related to the Markel Fronting Arrangement, partially offset by higher earnings in Hagerty Re and an increase in Hagerty, Inc.'s allocable share of income from THG.

## Non-GAAP Financial Measures

### *Adjusted EBITDA*

We define EBITDA as consolidated Net income (loss), excluding Interest expense and other, net, Income tax expense (benefit), and Depreciation and amortization. We define Adjusted EBITDA as EBITDA, further adjusted to (i) exclude net investment gains and losses; (ii) deduct interest expense related to the State Farm Term Loan; (iii) exclude share-based compensation expense; and when applicable, exclude (iv) restructuring, impairment and related charges; (v) gains, losses and impairments related to divestitures; and (vi) certain other unusual items, such as Markel Fronting Arrangement transitional costs during the three and six months ended June 30, 2026.

*How This Measure is Useful*

When used in conjunction with GAAP financial measures, Adjusted EBITDA is a supplemental measure of operating performance that we believe is a useful measure to evaluate our performance period over period and relative to our competitors and peers. Management uses Adjusted EBITDA to evaluate our operating performance on a consistent basis, as it removes the impact of items not directly resulting from our core operations. We believe the presentation of Adjusted EBITDA provides securities analysts, investors, and other interested parties with a supplemental view of our operating performance that enhances their understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives.

*Limitations of the Usefulness of This Measure*

Adjusted EBITDA may differ from similarly titled measures used by other companies due to different methods of calculation, which could reduce the usefulness of this non-GAAP financial measure when comparing our performance to that of other companies. Presentation of Adjusted EBITDA should not be considered in isolation or a substitute for, or superior to, the financial information prepared in accordance with GAAP. A reconciliation of Adjusted EBITDA to Net income (loss), the most directly comparable GAAP measure, is presented below.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | *in thousands* | | | |
| Net income (loss) | $ 8,041 | $ 47,202 | $ (4,704) | $ 74,495 |
| Interest expense and other, net [1] | 28 | 4,946 | 950 | 6,635 |
| Income tax expense (benefit) | (5,809) | 6,161 | (14,001) | 11,650 |
| Depreciation and amortization | 9,716 | 8,833 | 19,422 | 18,321 |
| EBITDA | 11,976 | 67,142 | 1,667 | 111,101 |
| Net investment gains | (7,179) | (1,194) | (4,890) | (879) |
| Interest expense related to State Farm Term Loan [2] | (515) | (515) | (1,030) | (1,030) |
| Share-based compensation expense | 5,093 | 5,146 | 9,710 | 9,538 |
| Markel Fronting Arrangement transitional costs [3] | 64,111 | — | 153,069 | — |
| Other unusual items [4] | 1,019 | 2,066 | 1,164 | 2,066 |
| Adjusted EBITDA | $ 74,505 | $ 72,645 | $ 159,690 | $ 120,796 |

(1) Excludes interest expense related to the BAC Credit Facility, which is recorded within "Selling, general, and administrative expenses" in the Condensed Consolidated Statements of Operations.
(2) Interest expense related to the State Farm Term Loan is charged against Adjusted EBITDA as it is directly attributable to the operations of Hagerty Re. Refer to Note 14 — Debt and Note 20 — Related-Party Transactions in Item 1 of Part I of this Quarterly Report for additional information.
(3) Represents the amortization of deferred ceding commissions paid to Markel for policies written prior to January 1, 2026. These costs relate exclusively to policies written prior to our entry into the Markel Fronting Arrangement and are being fully amortized ratably over the remaining term of those policies through December 31, 2026. The amortization of these deferred ceding commissions was $89.0 million in the first quarter of 2026, $64.1 million in the second quarter of 2026, and we expect it to decline to approximately $37.0 million in the third quarter of 2026 and approximately $9.0 million in the fourth quarter of 2026 as the remaining 2025 policy terms run off. Management excludes these costs from Adjusted EBITDA because they are transitional charges related solely to deferred ceding commissions on policies written prior to January 1, 2026, are expected to run off by December 31, 2026, and are not indicative of our ongoing operating performance under the Markel Fronting Arrangement.
(4) For the three months ended June 30, 2026, other unusual items includes professional fees related to the pending acquisition of Bennetts. For the six months ended June 30, 2026, other unusual items includes professional fees related to the pending acquisition of Bennetts and additional severance expenses associated with the actions taken in the fourth quarter of 2025. For the three and six months ended June 30, 2025, other unusual items includes certain legal settlement expenses, professional fees associated with the THG Unit Exchange and related secondary offering, and certain material severance expenses.

As a result of our transition to Article 7 reporting standards, Net investment income is reported as a component of revenue and is no longer an adjustment in our reconciliation from Net income (loss) to Adjusted EBITDA. In addition, interest expense related to the State Farm Term Loan is now deducted from Adjusted EBITDA as it is directly attributable to Hagerty Re, which generates a significant portion of our net investment income. The following table presents a reconciliation of Adjusted EBITDA as presented in the prior period in accordance with Article 5, to the current presentation in accordance with Article 7:

| | Three months ended June 30, 2025 | Six months ended June 30, 2025 |
|---|---|---|
| | *in thousands* | |
| Prior presentation of Adjusted EBITDA | $ 63,744 | $ 103,352 |
| Net investment income | 9,416 | 18,474 |
| Interest expense related to State Farm Term Loan | (515) | (1,030) |
| Current presentation of Adjusted EBITDA | $ 72,645 | $ 120,796 |

***Adjusted Net Income (Loss) and Adjusted Diluted EPS***

Adjusted Net Income (Loss) represents Net income (loss) attributable to Class A Common Stockholders, assuming the full exchange of all outstanding THG units and Series A Convertible Preferred Stock for shares of Class A Common Stock, adjusted to exclude (i) net investment gains and losses; and when applicable, (ii) changes in the TRA Liability; (iii) gains and losses related to divestitures; and (iv) certain other unusual items. Adjusted Diluted EPS is calculated by dividing Adjusted Net Income (Loss) by the weighted average shares of Class A Common Stock outstanding, assuming the full exchange of all outstanding THG units, Series A Convertible Preferred Stock, and unvested share-based compensation awards.

*How These Measures Are Useful*

When used in conjunction with GAAP financial measures, Adjusted Net Income (Loss) and Adjusted Diluted EPS are supplemental measures of operating performance that we believe are useful measures to evaluate our performance period over period and relative to our competitors and peers. Management uses Adjusted Net Income (Loss) and Adjusted Diluted EPS to evaluate our operating performance on a consistent basis, as it removes the impact of items not directly resulting from our core operations. We believe these measures provide securities analysts, investors, and other interested parties with a supplemental view of our operating performance that enhances their understanding of our business and results of operations that may not otherwise be apparent when relying solely on GAAP measures. By assuming the full exchange of all outstanding THG units and Series A Convertible Preferred Stock, we believe these measures facilitate comparisons with other companies that have different organizational and tax structures, as well as comparisons period over period because it eliminates the effect of any changes in Net income (loss) attributable to Class A Common Stockholders driven by increases in Hagerty, Inc.'s ownership in THG, which is unrelated to our operating performance, and excludes items that are unusual or may not be indicative of our ongoing performance.

*Limitations of the Usefulness of These Measures*

Adjusted Net Income (Loss) and Adjusted Diluted EPS may differ from similarly titled measures used by other companies due to different methods of calculation, which could reduce the usefulness of this non-GAAP financial measure when comparing our performance to that of other companies. Presentation of Adjusted Net Income (Loss) and Adjusted Diluted EPS should not be considered in isolation or a substitute for, or superior to, the financial information prepared in accordance with GAAP. While these measures are useful in evaluating our performance, they assume the full exchange of all outstanding THG units and Series A Convertible Preferred Stock for shares of Class A Common Stock, which has not occurred and may not occur. Further, the adjustments made to arrive at Adjusted Net Income (Loss) exclude certain expenses and income that may recur in the future. Adjusted Net Income (Loss) and Adjusted Diluted EPS should be evaluated in conjunction with our GAAP financial results. A reconciliation of Adjusted Net Income (Loss) to Net income (loss) attributable to Class A Common Stockholders, the most directly comparable GAAP measure, and the computation of Adjusted Diluted EPS are presented below.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Numerator: | *in thousands (except per share amounts)* | | | |
| Net income (loss) attributable to Class A Common Stockholders | $ (1,668) | $ 9,098 | $ (8,189) | $ 15,594 |
| Adjustments: | | | | |
| Accretion of Series A Convertible Preferred Stock | 1,948 | 1,875 | 3,978 | 3,750 |
| Net income (loss) attributable to non-controlling interest | 7,761 | 36,229 | (493) | 55,151 |
| Net investment gains | (7,179) | (1,194) | (4,890) | (879) |
| Change in TRA Liability | — | 3,078 | — | 3,078 |
| Other unusual items [(1)] | 1,019 | 2,066 | 1,164 | 2,066 |
| Tax impact of above adjustments [(2)] | (8,069) | (7,702) | (10,902) | (9,958) |
| Adjusted Net Income (Loss) | $ (6,188) | $ 43,450 | $ (19,332) | $ 68,802 |
| | | | | |
| Denominator: | | | | |
| Weighted average shares of Class A Common Stock outstanding — Diluted | 101,797 | 90,698 | 101,418 | 91,247 |
| Adjustments: | | | | |
| Assumed exchange of non-controlling interest THG units for shares of Class A Common Stock | 245,001 | 255,105 | 245,051 | 255,138 |
| Assumed conversion of shares of Series A Convertible Preferred Stock into shares of Class A Common Stock | 6,785 | 6,785 | 6,785 | 6,785 |
| Assumed vesting of share-based compensation awards | 7,951 | 8,580 | 7,979 | 7,404 |
| Adjusted weighted average shares of Class A Common Stock outstanding — Diluted | 361,534 | 361,168 | 361,233 | 360,574 |
| | | | | |
| Adjusted Diluted EPS | $ (0.02) | $ 0.12 | $ (0.05) | $ 0.19 |

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Diluted EPS | $ (0.02) | $ 0.09 | $ (0.08) | $ 0.16 |
| Impact of assumed exchange, conversion, or vesting of remaining potentially dilutive securities [3] | 0.04 | 0.04 | 0.07 | 0.05 |
| Non-GAAP adjustments [4] | (0.04) | (0.01) | (0.04) | (0.02) |
| Adjusted Diluted EPS | $ (0.02) | $ 0.12 | $ (0.05) | $ 0.19 |

(1) For the three months ended June 30, 2026, other unusual items includes professional fees related to the pending acquisition of Bennetts. For the six months ended June 30, 2026, other unusual items includes professional fees related to the pending acquisition of Bennetts and additional severance expenses associated with the actions taken in the fourth quarter of 2025. For the three and six months ended June 30, 2025, other unusual items includes certain legal settlement expenses, professional fees associated with the THG Unit Exchange and related secondary offering, and certain material severance expenses.

(2) Represents the tax effect of the aforementioned adjustments to reflect corporate income taxes at an estimated effective tax rate of (58.0)% and 24.2% for the three months ended June 30, 2026 and 2025, respectively, and 13.8% and 23.9% for the six months ended June 30, 2026 and 2025, respectively, which considers the U.S. federal statutory rate of 21%, a combined state income tax rate of approximately 5% (net of federal benefits and required valuation allowances), and certain material permanent items.

(3) Assumes the exchange of all outstanding THG units, Series A Convertible Preferred Stock, and unvested share-based compensation awards for shares of Class A Common Stock, resulting in the elimination of the non-controlling interest and recognition of the Net income (loss) attributable to non-controlling interest, as well as elimination of the accretion of Series A Convertible Preferred Stock. Refer to Note 18 — Earnings Per Share in Item 1 of Part I of this Quarterly Report for additional information on Diluted EPS.

(4) Represents the per share impact of non-GAAP adjustments for each period. Refer to the reconciliation above for additional information.

## Liquidity and Capital Resources

Maintaining a strong balance sheet and capital position is a top priority for us. As a holding company without direct operations, we manage liquidity globally and across all operating subsidiaries.

### *Sources and Uses of Liquidity*

Our sources of liquidity include our: (i) balances of cash and cash equivalents; (ii) net working capital; (iii) cash flows from operations, including net investment income; (iv) borrowings from the 2025 JPM Credit Facility (as defined below) to fund the general corporate needs of THG and its subsidiaries; and (v) borrowings from the BAC Credit Facility (as defined below) to fund a portion of the lending activities of BAC.

Our primary liquidity needs and capital requirements include cash required for: (i) funding the business operations of THG and its subsidiaries; (ii) funding strategic investments and acquisitions, including funding the pending acquisition of Bennetts for a purchase price of approximately £34.0 million (approximately $43.0 million as of June 30, 2026); (iii) servicing and repayment of borrowings under the 2025 JPM Credit Facility, the BAC Credit Facility, and the unsecured term loan credit facility with State Farm (the "State Farm Term Loan"); (iv) funding potential cash dividend payments on the Series A Convertible Preferred Stock; (v) payment of income taxes; (vi) funding required distributions to the non-controlling interest unit holders of THG; and (vii) funding required payments to Hagerty Holding Corp. ("HHC") and Markel (together the "Legacy Unit Holders") under the TRA.

As of June 30, 2026, we believe that our sources of liquidity will be sufficient to provide an adequate level of capital to support our anticipated short and long-term commitments, operating needs, and capital requirements.

### *Financing Arrangements*

*2025 JPM Credit Facility*

THG has a credit agreement with JPMorgan Chase Bank, N.A. ("JPM"), as administrative agent, issuing bank and swingline lender, the foreign subsidiary borrowers thereto, and the other financial institutions party thereto as lenders (the "2025 JPM Credit Agreement").

The 2025 JPM Credit Agreement provides for a senior unsecured revolving credit facility (the "2025 JPM Credit Facility") with an aggregate borrowing capacity of $375.0 million. The 2025 JPM Credit Agreement matures in March 2030, but may be extended if agreed by THG and the lenders party thereto. Any unpaid balance on the 2025 JPM Credit Facility is due at maturity. As of June 30, 2026, total outstanding borrowings under the 2025 JPM Credit Facility were $103.9 million.

The 2025 JPM Credit Agreement requires us to, among other things, meet certain financial covenants, including a minimum fixed charge coverage ratio test and a maximum leverage ratio test. As of June 30, 2026, we were in compliance with these financial covenants.

*BAC Credit Facility*

BAC and its wholly owned subsidiary BAC Funding 2023-1, LLC, as borrower, have a revolving credit agreement (the "BAC Credit Agreement") that provides for a revolving credit facility (the "BAC Credit Facility") with an aggregate commitment of $150.0 million. The BAC Credit Facility's borrowing base is determined by the carrying value of certain BAC notes receivable, which is then limited by the amount of the aggregate commitment. As of June 30, 2026, the applicable borrowing base for the BAC Credit Agreement was $87.5 million.

The revolving borrowing period of the BAC Credit Facility expires in November 2027, followed by an amortization period until it ultimately matures in November 2028. The borrowing period and the maturity date of the BAC Credit Facility may be extended by one year if requested by BAC and agreed by the administrative agent. BAC is not a borrower or guarantor of the BAC Credit Facility.

BAC and certain of its subsidiaries may transfer notes receivable to wholly owned, bankruptcy remote special purpose entities (each, an "SPE") to secure borrowings, isolating these assets from our other obligations. Recourse is limited to (i) an obligation of the applicable seller to repurchase a note receivable if it is determined that there was a breach of any representation or warranty relating to such note receivable as of the relevant date specified in the related transfer agreement; and (ii) a limited guarantee for certain liabilities that may result under certain foreign exchange hedging activity of one of the SPEs.

BAC and BAC Funding 2023-1, LLC are required, among other things, to meet certain financial covenants including that BAC, as the servicer, maintain a minimum tangible net worth, minimum liquidity balances, and an indebtedness to tangible net worth ratio. As of June 30, 2026, we were in compliance with the financial covenants under the BAC Credit Agreement.

Refer to Note 14 — Debt in Item 1 of Part I of this Quarterly Report for additional information related to the 2025 JPM Credit Agreement and BAC Credit Agreement.

***Capital and Dividend Restrictions***

We are a holding company with no material assets other than our ownership interest in THG and its operating subsidiaries. Accordingly, our ability to meet our cash requirements depends on THG's financial performance and the distributions we receive from THG. Our subsidiaries' ability to make distributions, pay dividends and make other payments may be regulated by the states and territories where they are domiciled. For example, as described below, our ability to upstream capital from Hagerty Re is subject to Bermuda regulatory capital requirements and dividend restrictions administered by the Bermuda Monetary Authority ("BMA"), which may limit distributions in certain periods.

For a discussion of the risks associated with our holding company structure, refer to *Item 1A. Risk Factors — Risks Related to Tax —* "*Hagerty, Inc. is a holding company, whose only material asset is its interest in THG. Hagerty, Inc. depends on THG distributions to pay taxes, make payments under the TRA, and pay other expenses.*" in our Annual Report.

*Capital Restrictions*

Our reinsurance subsidiary, Hagerty Re, is subject to the Bermuda Solvency Capital Requirement ("BSCR"), which establishes a target capital level and enhanced capital requirements for each insurer. As of June 30, 2026, Hagerty Re maintained sufficient statutory capital and surplus to comply with the BSCR.

Similarly, our U.S. insurance company subsidiary, Drivers Edge, which holds certificates of authority in 42 states, is subject to state-specific minimum capital and surplus requirements, as well as risk-based capital ("RBC") requirements. RBC levels are reported on an annual basis. As of June 30, 2026, Drivers Edge maintained sufficient capital and surplus levels to comply with National Association of Insurance Commissioners and state insurance regulations.

*Dividend Restrictions*

Under Bermuda law, Hagerty Re is prohibited from declaring or issuing a dividend if it fails to meet its minimum solvency margin or minimum liquidity ratio. Prior approval from the BMA is also required if Hagerty Re's proposed dividend payments would exceed 25% of its prior year-end total statutory capital and surplus. Based on these restrictions, during 2026, Hagerty Re can pay $95.4 million in dividends without prior BMA approval. As of June 30, 2026, there were no plans to issue dividends from Hagerty Re.

Similarly, state statutes restrict the amount of dividends that Drivers Edge may pay without prior approval of state insurance regulators. As of June 30, 2026, there were no plans to issue dividends from Drivers Edge and a change in such plans may require regulatory approval.

***Comparative Cash Flows***

The following table summarizes our cash flow data for the six months ended June 30, 2026 and 2025:

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| | in thousands (except percentages) | | | |
| Net Cash Provided by Operating Activities | $ 186,157 | $ 97,714 | $ 88,443 | 90.5 % |
| Net Cash Used in Investing Activities | $ (82,702) | $ (31,839) | $ (50,863) | 159.8 % |
| Net Cash Provided by Financing Activities | $ 65,336 | $ 29,480 | $ 35,856 | 121.6 % |

*Operating Activities*

Cash provided by operating activities primarily consists of Net income (loss), adjusted for non-cash items, and changes in working capital balances. Net cash provided by operating activities for the six months ended June 30, 2026 and 2025 is presented below:

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Change | % Change |
| | in thousands (except percentages) | | | |
| Net income (loss) | $ (4,704) | $ 74,495 | $ (79,199) | (106.3)% |
| Non-cash adjustments to Net income (loss) | (1,064) | 35,595 | (36,659) | (103.0)% |
| Changes in operating assets and liabilities | 191,925 | (12,376) | 204,301 | N/M |
| Net Cash Provided by Operating Activities | $ 186,157 | $ 97,714 | $ 88,443 | 90.5 % |

N/M = Not meaningful

Net cash provided by operating activities for the six months ended June 30, 2026 was $186.2 million, an increase of $88.4 million, or 90.5%, compared to 2025. This increase was due to a $204.3 million increase in cash from operating assets and liabilities, partially offset by a $115.9 million decrease in Net income (loss), net of non-cash adjustments. The increase in operating cash flows is primarily driven by our entry into the Markel Fronting Arrangement, which became effective on January 1, 2026 and increased Hagerty Re's U.S. quota share from approximately 80% to 100%, including for in-force policies written in 2025. In connection with the increase in quota share for in-force 2025 policies, we received cash consideration of $53.7 million, representing the unearned premium for the associated unexpired risk period. In addition, as a result of the Markel Fronting Arrangement, premiums and losses are now settled monthly rather than quarterly under the prior contractual arrangement. To a lesser extent, the increase in operating cash flows is driven by growth in subject premiums written through our MGA subsidiaries.

*Investing Activities*

Cash used in investing activities for the six months ended June 30, 2026 increased by $50.9 million when compared to 2025. This increase is principally due to a $27.6 million increase in net purchasing activity related to our investment portfolio and, to a lesser extent, an $18.4 million increase in net fundings of BAC notes receivable.

*Financing Activities*

Cash from financing activities for the six months ended June 30, 2026 increased by $35.9 million when compared to 2025, principally due to the LPT Agreement with Markel, which resulted in a $50.5 million cash proceeds. Also favorably impacting the comparison is a $30.4 million payment to THG non-controlling interest unit holders in 2025 for which there was no comparable payment in 2026. These increases were partially offset by a $28.8 million decrease in net proceeds received from credit facility borrowings.

***Tax Receivable Agreement***

In connection with the consummation of the business combination that formed Hagerty, Inc. in 2021, Hagerty, Inc. entered into a TRA with the Legacy Unit Holders. The TRA requires us to pay the Legacy Unit Holders 85% of the U.S. federal, state, and local cash tax savings realized by Hagerty, Inc. resulting from increases in tax basis and certain other tax benefits, as outlined in the Business Combination Agreement, upon the exchange of THG units and shares of Hagerty, Inc. Class V Common Stock for shares of Hagerty, Inc. Class A Common Stock or cash.

The amount and timing of any payments under the TRA will vary depending on a number of factors, including, but not limited to, the increase in tax basis of THG's assets, the timing of any future redemptions, exchanges or purchases of THG units held by Legacy Unit Holders, the price of Hagerty, Inc. Class A Common Stock at the time of the redemption, exchange or purchase, the extent to which redemptions or exchanges are taxable, the amount and timing of the taxable income that Hagerty, Inc. generates in the future, the tax rates then applicable, and the portion of the payments under the TRA constituting imputed interest. We expect to have adequate capital resources to meet the requirements and obligations under the TRA entered into with the Legacy Unit Holders.

Refer to Note 19 — Taxation in Item 1 of Part I of this Quarterly Report for information related to the TRA.

**Critical Accounting Policies and Estimates**

The preparation of the unaudited Condensed Consolidated Financial Statements in accordance with GAAP requires management to make significant judgments, assumptions, and estimates that materially affect the amounts reported in our Condensed Consolidated Financial Statements. Management's judgments, assumptions, and estimates are based on historical experience, future expectations, and other factors that are believed to be reasonable as of the date of the Condensed Consolidated Financial Statements. Actual results may ultimately differ from management's original estimates, as future events and circumstances sometimes do not develop as expected.

Our accounting policies are set forth in Note 2 — Summary of Significant Accounting Policies to Consolidated Financial Statements contained in our Annual Report.

**New Accounting Standards**

New accounting standards are described in Note 2 — Summary of Significant Accounting Policies in Item 1 of Part I of this Quarterly Report, which are incorporated herein by reference.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes to our market risk during the six months ended June 30, 2026. For a discussion of our exposure to market risk, refer to the market risk disclosures set forth in Item 7A of Part II, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report.

**ITEM 4. CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2026.

**Changes in Internal Controls Over Financial Reporting**

There were no changes to our internal control over financial reporting that occurred during the three months ended June 30, 2026, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in various claims and legal actions that arise in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we do not believe that the ultimate resolution of these actions will have a material adverse effect on our financial position, results of operations, liquidity or capital resources.

Future litigation may be necessary to defend ourselves and our partners by determining the scope, enforceability and validity of third-party proprietary rights or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Refer to Note 21 — Commitments and Contingencies in Item 1 of Part I of this Quarterly Report for additional information related to legal proceedings.

### ITEM 1A. RISK FACTORS

As of the date of this Quarterly Report, there have been no material changes to our risk factors as previously disclosed in our Annual Report. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC. Additional risks that we currently do not know about or currently view as immaterial may also materially adversely affect our business, financial condition, or operating results.

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

During the three months ended June 30, 2026, we did not sell any equity securities that were not registered under the Securities Act of 1933, as amended.

During the three months ended June 30, 2026, neither we nor any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Exchange Act) repurchased any shares of the Company's Class A Common Stock.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

*Trading Arrangements of Directors and Executive Officers*

During the three months ended June 30, 2026, no director or executive officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## ITEM 6. EXHIBITS

(a) Financial statements and financial statement schedules filed as part of this report are listed in the index included in Item 1 of Part I of this Quarterly Report.

(b) **Exhibits.** As required by Item 601 of Regulation S-K, the following are exhibits to this report.

| Exhibit No. | Description |
|---|---|
| 2.1* | Business Combination Agreement, dated as of August 17, 2021, by and among Aldel Financial Inc. Aldel Merger Sub LLC and The Hagerty Group, LLC (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on August 18, 2021). |
| 3.1 | Third Amended and Restated Certificate of Incorporation of the Company, dated December 2, 2021 (incorporated by reference to Exhibit 3.1 of the Company's Amendment No.3 to Form S-1 (File No. 333-261810), filed with the SEC on January 20, 2023). |
| 3.2 | Amended and Restated By-Laws of the Company, dated December 2, 2021 (incorporated by reference to Exhibit 3.2 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021). |
| 3.3 | Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock of the Company dated June 23, 2023 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on June 23, 2023). |
| 31.1 | Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a). |
| 31.2 | Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a). |
| 32.1# | Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350. |
| 32.2# | Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350. |
| 101.INS | XBRL Instance Document. |
| 101.SCH | XBRL Taxonomy Extension Schema Document. |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL). |

* The schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request. In addition, portions of this exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K because the registrant customarily and actually treats that information as private or confidential and the omitted information is not material.

\# This certification is not deemed filed for the purpose of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 5, 2026.

**HAGERTY, INC.**

By: /s/ McKeel O Hagerty
McKeel O Hagerty
Chief Executive Officer

**HAGERTY, INC.**

By: /s/ Patrick McClymont
Patrick McClymont
Chief Financial Officer

**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**
**PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,**
**AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, McKeel O Hagerty, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hagerty, Inc. for the quarterly period ended June 30, 2026;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 5, 2026

By: /s/ McKeel O Hagerty

McKeel O Hagerty
Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**
**PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,**
**AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Patrick McClymont, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hagerty, Inc. for the quarterly period ended June 30, 2026;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2026

By: /s/ Patrick McClymont

Patrick McClymont
Chief Financial Officer
(Principal Financial Officer)

**Exhibit 32.1**

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, McKeel O Hagerty, Chief Executive Officer of Hagerty, Inc. (the "Company"), hereby certify, that, to my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2026

By: /s/ McKeel O Hagerty
McKeel O Hagerty
Chief Executive Officer
(Principal Executive Officer)

**Exhibit 32.2**

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Patrick McClymont, Chief Financial Officer of Hagerty, Inc. (the "Company"), hereby certify, that, to my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2026

By: /s/ Patrick McClymont
Patrick McClymont
Chief Financial Officer
(Principal Financial Officer)