NATIONAL ASSOCIATION OF INVESTORS
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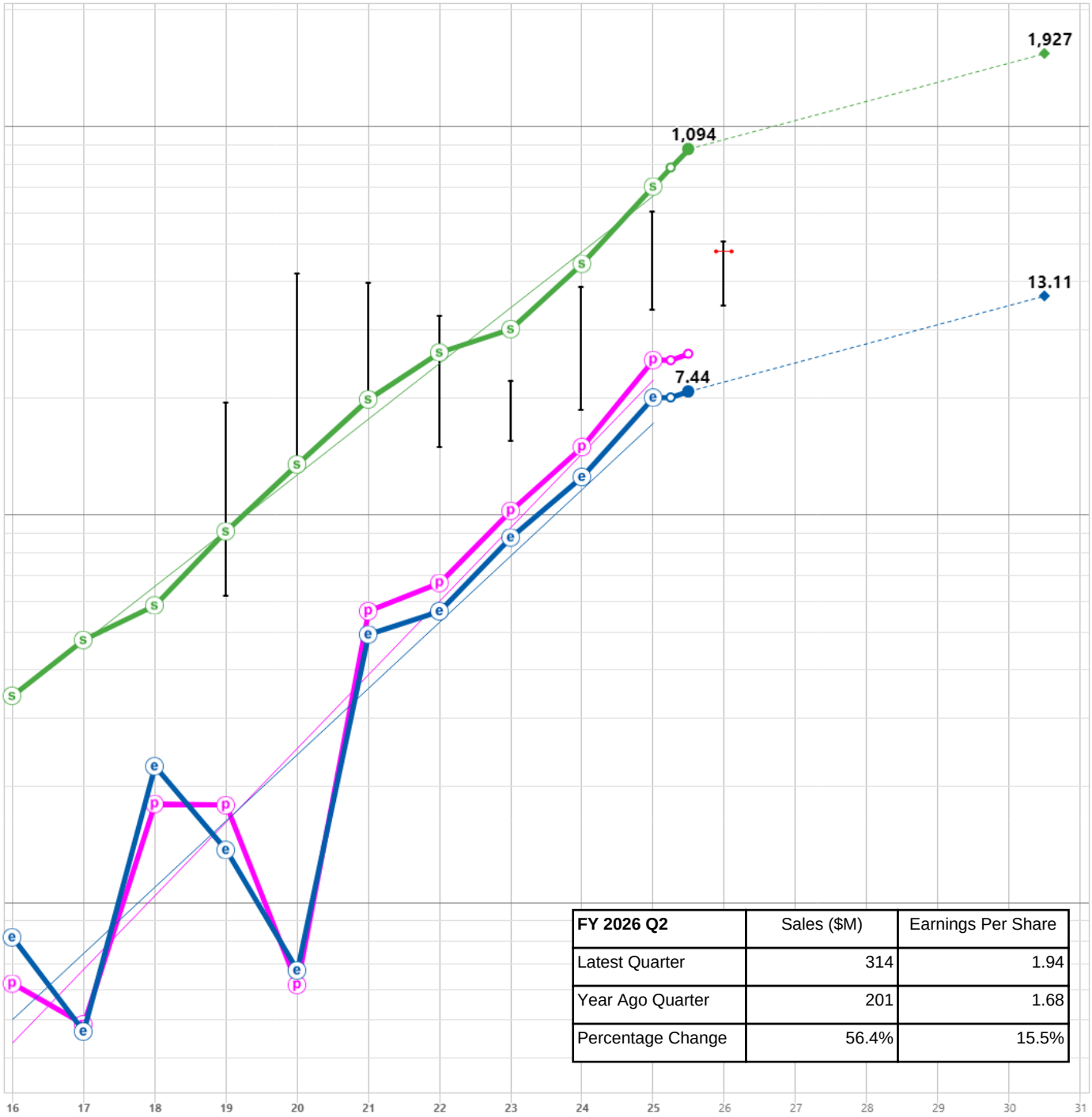
Stock Selection Guide

Company	Palomar Hldgs	Date	10/16/26
Prepared by	DETLOFF	Data taken from	BI Stock Data
Where traded	NAS	Industry	Insurance - Property & Casualty
Capitalization --- Outstanding Amounts		Reference	

Preferred ($M)	0.0			% Insiders	% Institution
Common (M Shares)	27.1			2.0	74.8
Debt ($M)	295.8	% to Tot Cap	23.2	% Pot Dil	2.7

Symbol: PLMR

1 VISUAL ANALYSIS of Sales, Earnings, and Price



FY 2026 Q2	Sales ($M)	Earnings Per Share
Latest Quarter	314	1.94
Year Ago Quarter	201	1.68
Percentage Change	56.4%	15.5%

(1) Historical Sales Growth	39.2%	(3) Historical Earnings Per Share Growth	48.2%
(2) Estimated Future Sales Growth	12.0%	(4) Estimated Future Earnings Per Share Growth	12.0%

2 EVALUATING Management

Palomar Hldgs

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Last 5 Year Avg.
% Pre-tax Profit on Sales	14.7%	8.3%	25.0%	16.0%	3.7%	23.1%	20.7%	27.6%	27.3%	28.9%	25.5%
% Earned on Equity				5.5%	1.7%	11.9%	13.7%	18.4%	16.9%	21.7%	16.5%
% Debt To Capital		17.9%	17.3%	0.0%	0.0%	0.0%	8.6%	10.0%	0.0%	0.0%	3.7%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CURRENT PRICE 139.58 (10/16/26) **52-WEEK HIGH** 147.62 **52-WEEK LOW** 100.81

	A	B	C	D	E	F	G	H
Year	**Price**		**Earnings**	**Price Earnings Ratio**		**Dividend**	**% Payout**	**% High Yield**
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2021	115.4	60.1	1.76	65.6	34.1	0.00	0.0	0.0
2022	95.2	43.6	2.02	47.1	21.6	0.00	0.0	0.0
2023	64.4	45.3	3.13	20.6	14.5	0.00	0.0	0.0
2024	112.9	54.5	4.48	25.2	12.2	0.00	0.0	0.0
2025	175.9	98.4	7.17	24.5	13.7	0.00	0.0	0.0
AVERAGE		**60.4**		**23.4**	**13.5**		**0.0**	
CURRENT/TTM			7.44	19.8	13.5	1.80	24.2	
AVERAGE PRICE EARNINGS RATIO: 18.4					**CURRENT PRICE EARNINGS RATIO: 18.8**			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 23.4 X Estimate High Earnings/Share 13.11 = Forecasted High Price $ 306.8

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 13.5 X Estimate Low Earnings/Share 7.44 = Forecasted Low Price $ 100.4

(b) Avg. Low Price of Last 5 Years 60.4

(c) Recent Market Low Price 54.5

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.80}{0.00\%} =$ 0.0

Selected Forecasted Low Price $ 100.4

C ZONING using 25%-50%-25%

Forecasted High Price 306.8 Minus Forecasted Low Price 100.4 = 206.4 Range. 25% of Range 51.6

Buy Zone	100.4	to	152.0
Hold Zone	152.0	to	255.2
Sell Zone	255.2	to	306.8

Present Market Price of 139.58 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price}\ 306.8 - \text{Minus Current Price}\ 139.58}{\text{Current Price}\ 139.58 - \text{Minus Low Price}\ 100.4} = \frac{167.19}{39.18} =$ 4.3 To 1

E PRICE TARGET **(Note: This shows the potential market price appreciation over the next five years in simple interest terms.)**

$\frac{\text{High Price}\ 306.8}{\text{Current Price}\ 139.58} =$ 2.1978 X 100 = 219.78 - 100 = 119.8 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}\ 1.80}{\text{Current Price}\ 139.58} =$ 0.0129 = 1.3 % Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}\ 0.0\ \%}{\text{Forecast High PE}\ 23.40} =$ 0.0 %

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}\ 0.0\ \%}{\text{Forecast Average PE}\ 18.45} =$ 0.0 %

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation	17.1 %
Average Yield	0.0 %
Annualized Rate of Return	17.1 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation	11.6 %
Average Yield	0.0 %
Annualized Rate of Return	11.6 %