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, 2022

OR

o **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 001-39754

Doma Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**84-1956909**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
101 Mission Street, Suite 740 San Francisco, California	**94105**
(Address of Principal Executive Offices)	(Zip Code)

(650) 419-3827
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	DOMA	The New York Stock Exchange
Warrants, each whole warrant exercisable for one share of common stock at an exercise price of $11.50 per share	DOMA.WS	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 x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).
Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
		Emerging growth company	x

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. o

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

The registrant had outstanding 327,013,300 shares of common stock as of August 8, 2022.

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introductory Note

On July 28, 2021 (the "Closing Date"), Capitol Investment Corp. V ("Capitol") consummated a business combination (the "Business Combination") with Doma Holdings, Inc., a Delaware corporation ("Old Doma"), pursuant to the agreement and plan of merger, dated March 2, 2021, by and among Capitol, Capitol V Merger Sub, Inc., a wholly owned subsidiary of Capitol ("Merger Sub"), and Old Doma (as amended on March 18, 2021, the "Agreement"). In connection with the closing of the Business Combination, Old Doma changed its name to States Title Holding, Inc. ("States Title"), Capitol changed its name to Doma Holdings, Inc. ("Doma") and Old Doma became a wholly owned subsidiary of Doma. Doma continues the existing business operations of Old Doma as a publicly traded company.

Unless the context otherwise requires, references herein to "company," "Company," "Doma," "we," "us," "our" and similar terms refer to Doma Holdings, Inc. (f/k/a Capitol Investment Corp. V) and its consolidated subsidiaries. References to "Capitol" refer to our predecessor company prior to the consummation of the Business Combination. References to "Old Doma" refer to Old Doma prior to the Business Combination and to States Title, the wholly owned subsidiary of Doma, upon the consummation of the Business Combination.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We have based these forward-looking statements on our current expectations and projections about future events. All statements, other than statements of present or historical fact included in this Quarterly Report, about our plans, strategies and prospects, both business and financial, are forward-looking statements. Any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "intend," "believe," "estimate," "continue," "goal," "project" or the negative of such terms or other similar expressions. Moreover, the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Quarterly Report. We caution you that these forward-looking statements are subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control.

Forward-looking statements contained in this Quarterly Report include, but are not limited to, statements about:

- our projected financial information, anticipated growth rate and market opportunity;
- our ability to maintain the listing of our common stock on the New York Stock Exchange;
- our ability to raise financing in the future and to comply with restrictive covenants related to long-term indebtedness;
- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- the accounting of our warrants as liabilities and any changes in the value of our warrants having a material effect on our financial results;
- factors relating to our business, operations and financial performance, including:

    - our ability to drive an increasing proportion of orders in both our Enterprise and Local channels through the Doma Intelligence platform;
    - changes in the competitive and regulated industries in which we operate, variations in technology and operating performance across competitors, and changes in laws and regulations affecting our business;
    - our ability to implement business plans, forecasts and other expectations, and identify and realize additional opportunities;
    - the impact of COVID-19 on our business; and
- other factors detailed under the section “Risk Factors” in our periodic filings with the Securities and Exchange Commission (the “SEC”).

Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Additional cautionary statements or discussions of risks and uncertainties that could affect our results or the achievement of the expectations described in forward-looking statements may also be contained in any subsequent periodic report.

Should one or more of the risks or uncertainties described in this Quarterly Report occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements.

You should read this Quarterly Report completely and with the understanding that our actual future results, levels of activity and performance as well as other events and circumstances may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Part I - Financial Information
Item 1. Financial Statements

Doma Holdings, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(In thousands, except share information)		June 30, 2022		December 31, 2021
Assets				
Cash and cash equivalents	$	226,339	$	379,702
Restricted cash		2,959		4,126
Investments:				
Fixed maturities				
Held-to-maturity debt securities, at amortized cost (net of allowance for credit losses of $443 at June 30, 2022 and $0 at December 31, 2021)		51,307		67,164
Available-for-sale debt securities, at fair value (amortized cost $49,664 at June 30, 2022 and $0 at December 31, 2021)		49,966		—
Mortgage loans		1,132		2,022
Other long-term investments		325		325
Total investments	$	102,730	$	69,511
Receivables (net of allowance for credit losses of $1,332 at June 30, 2022 and $1,082 at December 31, 2021)		12,910		15,498
Prepaid expenses, deposits and other assets		9,250		15,692
Lease right-of-use assets		27,979		—
Fixed assets (net of accumulated depreciation of $25,775 at June 30, 2022 and $19,543 at December 31, 2021)		59,474		45,953
Title plants		13,952		13,952
Goodwill		111,487		111,487
Total assets	$	567,080	$	655,921
Liabilities and stockholders' equity				
Accounts payable	$	3,306	$	6,930
Accrued expenses and other liabilities		36,487		54,149
Lease liabilities		29,222		—
Senior secured credit agreement, net of debt issuance costs and original issue discount		148,061		141,769
Liability for loss and loss adjustment expenses		84,936		80,267
Warrant liabilities		2,080		16,467
Sponsor Covered Shares liability		709		5,415
Total liabilities	$	304,801	$	304,997
Commitments and contingencies (see Note 12)				
Stockholders' equity:				
Common stock, 0.0001 par value; 2,000,000,000 shares authorized at June 30, 2022; 325,497,629 and 323,347,806 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	$	33	$	33
Additional paid-in capital		563,265		543,070
Accumulated deficit		(301,256)		(192,179)
Accumulated other comprehensive income		237		—
Total stockholders' equity	$	262,279	$	350,924
Total liabilities and stockholders' equity	$	567,080	$	655,921

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

Doma Holdings, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
(In thousands, except share and per share information)	2022	2021	2022	2021
Revenues:				
Net premiums written [(1)]	$ 108,926	$ 109,271	$ 204,592	$ 217,263
Escrow, other title-related fees and other	14,366	20,065	30,479	38,640
Investment, dividend and other income	452	650	880	1,879
Total revenues	$ 123,744	$ 129,986	$ 235,951	$ 257,782
Expenses:				
Premiums retained by Third-Party Agents [(2)]	$ 74,638	$ 65,181	$ 135,240	$ 135,519
Title examination expense	5,146	5,500	11,127	10,353
Provision for claims	6,310	6,807	10,921	10,055
Personnel costs	73,233	53,954	151,026	97,419
Other operating expenses	23,637	17,181	46,391	31,347
Total operating expenses	$ 182,964	$ 148,623	$ 354,705	$ 284,693
Loss from operations	$ (59,220)	$ (18,637)	$ (118,754)	$ (26,911)
Other (expense) income:				
Change in fair value of Warrant and Sponsor Covered Shares liabilities	5,193	—	19,093	—
Interest expense	(4,489)	(4,451)	(8,696)	(7,810)
Loss before income taxes	$ (58,516)	$ (23,088)	$ (108,357)	$ (34,721)
Income tax expense	(136)	(211)	(321)	(336)
Net loss	$ (58,652)	$ (23,299)	$ (108,678)	$ (35,057)
Earnings per share:				
Net loss per share attributable to stockholders - basic and diluted	$ (0.18)	$ (0.33)	$ (0.34)	$ (0.51)
Weighted average shares outstanding common stock - basic and diluted	324,879,934	69,944,477	324,387,981	68,688,288

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

(1) Net premiums written includes revenues from a related party of $33.7 million and $27.0 million during the three months ended June 30, 2022 and 2021, respectively. Net premiums written includes revenues from a related party of $61.3 million and $51.6 million during the six months ended June 30, 2022 and 2021, respectively (see Note 11).

(2) Premiums retained by Third-Party Agents includes expenses associated with a related party of $27.2 million and $22.0 million during the three months ended June 30, 2022 and 2021, respectively. Premiums retained by Third-Party Agents includes expenses associated with a related party of $49.6 million and $41.8 million during the six months ended June 30, 2022 and 2021, respectively (see Note 11).

Doma Holdings, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)

(In thousands)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net loss	$ (58,652)	$ (23,299)	$ (108,678)	$ (35,057)
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on available-for-sale debt securities, net of tax	237	—	237	(179)
Reclassification adjustment for realized gain on sale of available-for-sale debt securities, net of tax	—	—	—	(507)
Comprehensive loss	$ (58,415)	$ (23,299)	$ (108,441)	$ (35,743)

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

Doma Holdings, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

(In thousands, except share information)	Preferred Stock Series A		Preferred Stock Series A-1		Preferred Stock Series A-2		Preferred Stock Series B		Preferred Stock Series C		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, January 1, 2021	43,737,586	$ 1	48,913,906	$ 1	14,003,187	$ —	15,838,828	$ —	60,665,631	$ 1	62,832,307	$ 1	$ 266,464	$ (79,123)	$ 686	$ 188,031
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	2,637,441	—	1,267	—	—	1,267
Stock-based compensation expenses	—	—	—	—	—	—	—	—	—	—	—	—	2,289	—	—	2,289
Original issue discount on senior secured credit agreement	—	—	—	—	—	—	—	—	—	—	—	—	18,519	—	—	18,519
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(11,758)	—	(11,758)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(686)	(686)
Balance, March 31, 2021	43,737,586	$ 1	48,913,906	$ 1	14,003,187	$ —	15,838,828	$ —	60,665,631	$ 1	65,469,748	$ 1	$ 288,539	$ (90,881)	$ —	$ 197,662
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	535,551	—	109	—	—	109
Stock based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	2,967	—	—	2,967
Exercise of stock warrants	—	—	28,870,387	—	—	—	—	—	—	—	—	—	187	—	—	187
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(23,299)	—	(23,299)
Balance, June 30, 2021	43,737,586	$ 1	77,784,293	$ 1	14,003,187	$ —	15,838,828	$ —	60,665,631	$ 1	66,005,299	$ 1	$ 291,802	$ (114,180)	$ —	$ 177,626

(In thousands, except share information)	Preferred Stock Series A		Preferred Stock Series A-1		Preferred Stock Series A-2		Preferred Stock Series B		Preferred Stock Series C		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, January 1, 2022	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	323,347,806	$ 33	$ 543,070	$ (192,179)	$ —	$ 350,924
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	957,648	—	(97)	—	—	(97)
Vesting of RSU awards	—	—	—	—	—	—	—	—	—	—	42,800	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	11,579	—	—	11,579
Cumulative effect of change in accounting principle	—	—	—	—	—	—	—	—	—	—	—	—	—	(399)	—	(399)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(50,026)	—	(50,026)
Balance, March, 31, 2022	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	324,348,254	$ 33	$ 554,552	$ (242,604)	$ —	$ 311,981
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	692,511	—	271	—	—	271
Vesting of RSU awards	—	—	—	—	—	—	—	—	—	—	456,864	—	—	—	—	—
Stock based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	8,442	—	—	8,442
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(58,652)	—	(58,652)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	237	237
Balance, June 30, 2022	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	325,497,629	$ 33	$ 563,265	$ (301,256)	$ 237	$ 262,279

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

Doma Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Six months ended June 30, 2022	Six months ended June 30, 2021
Cash flow from operating activities:		
Net loss	$ (108,678)	$ (35,057)
Adjustments to reconcile net loss to net cash used in operating activities:		
Interest expense - paid in kind	4,960	3,929
Depreciation and amortization	6,983	5,727
Stock-based compensation expense	20,021	5,256
Amortization of debt issuance costs and original issue discount	1,332	899
Provision for credit losses	495	477
Deferred income taxes	229	250
Realized loss (gain) on debt securities	18	(678)
Net unrealized loss on equity securities	—	119
Loss on disposal of fixed assets and title plants	51	8
Amortization of premiums and accretion of discounts on fixed maturity securities	495	506
Change in fair value of Warrant and Sponsor Covered Shares liabilities	(19,093)	—
Change in operating assets and liabilities:		
Accounts receivable	1,825	1,142
Prepaid expenses, deposits and other assets	5,413	(11,626)
Lease right-of-use assets and lease liabilities	733	—
Accounts payable	(3,625)	1,387
Accrued expenses and other liabilities	(16,416)	5,346
Liability for loss and loss adjustments expenses	4,669	4,906
Net cash used in operating activities	$ (100,588)	$ (17,409)
Cash flow from investing activities:		
Proceeds from calls and maturities of investments: Held-to-maturity	$ 16,981	$ 14,149
Proceeds from sales, calls and maturities of investments: Available-for-sale	—	7,817
Proceeds from sales of investments: Equity securities	—	2,000
Proceeds from sales and principal repayments of investments: Mortgage loans	890	45
Purchases of investments: Held-to-maturity	(2,103)	(33,430)
Purchases of investments: Available-for-sale	(49,640)	—
Proceeds from sales of fixed assets	—	307
Purchases of fixed assets	(20,555)	(10,944)
Proceeds from sale of title plants and dividends from title plants	311	239
Net cash used in investing activities	$ (54,116)	$ (19,817)

Doma Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Six months ended June 30, 2022		2021	
Cash flow from financing activities:				
Proceeds from issuance of senior secured credit agreement	$	—	$	150,0
Payments on loan from a related party		—		(65,53
Debt issuance costs		—		(57
Exercise of stock warrants		—		[illegible]
Exercise of stock options		174		1,5
Net cash provided by financing activities	$	174	$	85,4
Net change in cash and cash equivalents and restricted cash		(154,530)		48,2
Cash and cash equivalents and restricted cash at the beginning period		383,828		112,0
Cash and cash equivalents and restricted cash at the end of period	$	229,298	$	160,24
Supplemental cash flow disclosures:				
Cash paid for interest	$	3,974	$	3,4
Supplemental disclosure of non-cash investing activities:				
Unrealized gain (loss) on available-for-sale debt securities	$	237	$	(17
Supplemental disclosure of non-cash financing activities:				
Issuance of penny warrants related to the senior secured credit agreement	$	—	$	18,5

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

Doma Holdings, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

(Amounts in thousands, except share and per share information or unless otherwise noted)

1. Organization and business operations

On July 28, 2021 (the "Closing Date"), Capitol Investment Corp. V ("Capitol") consummated a business combination (the "Business Combination") with Doma Holdings, Inc., a Delaware corporation ("Old Doma"), pursuant to the agreement and plan of merger, dated March 2, 2021, by and among Capitol, Capitol V Merger Sub, Inc., a wholly owned subsidiary of Capitol ("Merger Sub"), and Old Doma (as amended on March 18, 2021, the "Agreement"). In connection with the closing of the Business Combination, Old Doma changed its name to States Title Holding, Inc. ("States Title"), Capitol changed its name to Doma Holdings, Inc. ("Doma") and Old Doma became a wholly owned subsidiary of Doma. Doma continues the existing business operations of Old Doma as a publicly traded company. See Note 3 for additional information on the Business Combination.

Unless the context otherwise requires, references herein to "company," "Company," "Doma," "we," "us," "our" and similar terms refer to Doma Holdings, Inc. (f/k/a Capitol Investment Corp. V) and its consolidated subsidiaries. References to "Capitol" refer to our legal predecessor company prior to the consummation of the Business Combination. References to "Old Doma" refer to Old Doma prior to the Business Combination and to States Title, the wholly owned subsidiary of Doma, upon the consummation of the Business Combination.

Headquartered in San Francisco, California, Doma is a real estate technology company that is architecting the future of real estate transactions. Using machine intelligence and our proprietary technology solutions, we are creating a vastly more simple, efficient, and affordable real estate closing experience for current and prospective homeowners, lenders, title agents and real estate professionals. We are licensed to underwrite title insurance in 39 states and the District of Columbia.

Old Doma was initially formed as a wholly-owned subsidiary of States Title Inc. ("Legacy States Title") to combine the operations of Legacy States Title and the retail agency and title insurance underwriting business (the "Acquired Business") of North American Title Group, LLC ("NATG"), a subsidiary of Lennar Corporation ("Lennar"). We completed the acquisition of the Acquired Business on January 7, 2019, which we refer hereinafter as the "North American Title Acquisition." Old Doma survived the North American Title Acquisition as the parent company and now wholly owns the businesses operated by Legacy States Title and the Acquired Business.

We conduct our operations through two reportable segments, (1) Distribution and (2) Underwriting. See further discussion in Note 7 for additional information regarding segment information.

2. Summary of significant accounting policies

Basis of presentation

The accompanying condensed consolidated balance sheet as of June 30, 2022 and the condensed consolidated statements of operations, condensed consolidated statements of comprehensive loss, and condensed consolidated statements of changes in stockholders' equity for the three and six months ended June 30, 2022 and 2021 and the condensed consolidated statements of cash flows for the six months ended June 30, 2022 and 2021 are unaudited.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the financial information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of the Company's management, the unaudited condensed consolidated financial statements include all adjustments necessary for the fair presentation of the Company's balance sheet as of June 30, 2022 and its results of operations, including its comprehensive loss, and stockholders' equity for the three and six months ended June 30, 2022 and 2021 and cash flows for the six months ended June 30, 2022 and 2021. All adjustments are of a normal recurring nature. The results for the three and six months ended June 30, 2022 are not necessarily indicative of the results to be expected for any subsequent quarter or for the fiscal year ending December 31, 2022. These unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements and related notes.

References to the Accounting Standard Codification (“ASC”) and Accounting Standard Updates (“ASU”) included hereinafter refer to the Accounting Standards Codification and Updates issued by the Financial Accounting Standards Board (“FASB”) as the source of authoritative U.S. GAAP. The accompanying condensed consolidated financial statements include the accounts of the Company and the accounts of the Company’s wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates made by management. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Significant items subject to such estimates and assumptions include, but are not limited to, reserves for incurred but not reported claims, the useful lives of property and equipment, accrued net premiums written from Third-Party Agent (as defined in Item 2) referrals, fair value measurements, and the valuations of stock-based compensation arrangements and the Sponsor Covered Shares liability (as defined below).

Title plants

Title plants are carried at cost, with costs incurred to maintain, update and operate title plants expensed as incurred. Because properly maintained title plants have indefinite lives and do not diminish in value with the passage of time, no provision has been made for depreciation or amortization. The Company analyzes the title plants for impairment when events or circumstances indicate that the carrying amount may not be recoverable. This analysis includes, but is not limited to, the effects of obsolescence, duplication, demand and other economic factors. There were no impairments of title plants for the three and six months ended June 30, 2022 and 2021.

Reinsurance

The Company utilizes excess of loss and quota share reinsurance programs to limit its maximum loss exposure by reinsuring certain risks with other insurers. The Company has two reinsurance treaties: the Excess of Loss Treaty and the Quota Share Treaty.

Under the Excess of Loss Treaty, we cede liability over $15.0 million on all files. Excess of loss reinsurance coverage protects the Company from a large loss from a single loss occurrence. The Excess of Loss Treaty provides for ceding liability above the retention of $15.0 million for all policies up to a liability cap of $500.0 million.

Under the Quota Share Treaty, during the period from January 1, 2021 to February 23, 2021 the Company ceded 100% of the written premium on its instantly underwriting policies. Effective February 24, 2021, the Company cedes 25% of the written premium on our instantly underwritten policies.

Payments and recoveries on reinsured losses for the Company’s title insurance business were immaterial during the three and six months ended June 30, 2022 and 2021.

Ceding commission from reinsurance transactions are presented as revenue within the “Escrow, other title-related fees and other” revenue line item in the consolidated statements of operations.

Total premiums ceded in connection with reinsurance are netted against the written premiums in the consolidated statements of operations. Gross premiums written and ceded premiums are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Gross premiums written	109,506	110,044	206,748	220,655
Ceded premiums	(580)	(773)	(2,156)	(3,392)
Net premiums written	108,926	109,271	204,592	217,263
Percentage of amount assumed to net	99.5 %	99.3 %	99.0 %	98.5 %

Income taxes

Our effective tax rate for the six months ended June 30, 2022 and 2021 was (1)% as a result of a full valuation allowance recorded against the deferred tax assets. In determining the realizability of the net U.S. federal and state deferred tax assets, we consider numerous factors including historical profitability, estimated future taxable income, prudent and feasible tax planning strategies, and the industry in which we operate. As of June 30, 2022 and December 31, 2021, the Company carried a valuation allowance against deferred tax assets as management believes it is more likely than not that the benefit of the net deferred tax assets covered by that valuation allowance will not be realized. A net deferred tax liability has been recorded as of June 30, 2022 and December 31, 2021 of $1.9 million and $1.8 million, respectively, and is included in accrued expenses and other liabilities within the accompanying condensed consolidated balance sheets. Management reassesses the realization of the deferred tax assets each reporting period. The Company has approximately $0.2 million of pre-2018 federal net operating losses subject to expiration beginning in 2036. The remainder of the federal net operating losses have no expiration. The Company’s state net operating losses are subject to various expirations, beginning in 2030. The Company’s 2018 through 2020 tax years remain open to federal examinations. The Company’s 2017 through 2020 tax years remain open to state tax examinations. The Company believes that as of June 30, 2022 it had no material uncertain tax positions. Interest and penalties related to unrecognized tax expenses (benefits) are recognized in income tax expense, when applicable. There were no material liabilities for interest and penalties accrued as of June 30, 2022.

Leases

The Company determines if a contract contains a lease at inception of the contract. The Company's inventory of leases primarily consists of operating office space and office equipment leases which are recorded as a lease obligation liability and as a lease right-of-use asset on the accompanying condensed consolidated balance sheet. The lease right-of-use asset represents the Company's right to use each underlying asset for the lease term and the lease obligation liability represents the Company's obligation over the lease term. The Company's lease obligation is recorded at the present value of the lease payments based on the term of the lease. The Company applies an incremental borrowing rate of interest as of the effective date of adoption or the lease effective date equivalent to a collateralized borrowing rate with similar terms. The discount rate used to calculate the present value of our future minimum lease payments is based, where appropriate, on the Company's incremental borrowing rate of its current loan and security agreement.

Lease expenses for lease payments, where appropriate, are recognized on a straight-line basis over the lease term. Short-term leases of 12 months or less are recorded in the condensed consolidated balance sheet and lease payments are recognized on the condensed consolidated statement of operations. The Company accounts for agreements with lease and non-lease components as a single lease component. For more information on leases, refer to Note 17 of this Quarterly Report.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in financial institutions and our investment portfolio. The Company has not experienced losses on the cash accounts and management believes the Company is not exposed to significant risks on such accounts.

Additionally, we manage the exposure to credit risk in our investment portfolio by investing in high quality securities and diversifying our holdings. Our investment portfolio is comprised of corporate debt, certificates of deposit, single-family residential mortgage loans, and U.S. Treasuries.

Emerging Growth Company and Smaller Reporting Company

Subsequent to the Business Combination described in Note 3, the Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's condensed financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Additionally, subsequent to the Business Combination described in Note 3, the Company is a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements.

Recently issued and adopted accounting pronouncements

In June 2016, the FASB issued ASU No. 2016-13 Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326). The amendments in this and the related ASUs introduce broad changes to accounting for credit impairment of financial instruments. The primary updates include the introduction of a new current expected credit loss ("CECL") model that is based on expected rather than incurred losses for instruments measured at amortized cost and amends the accounting for impairment of held-to-maturity securities and available-for-sale securities. This model incorporates past experience, current conditions and reasonable and supportable forecasts affecting collectability of these instruments. The amendments in this update are effective for public entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For all other entities, the amendment is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The early adoption of this new guidance on January 1, 2022 required the Company to record an allowance for credit losses for the Company's held-to-maturity investment portfolio, which resulted in an allowance of $0.4 million and a corresponding $0.4 million adjustment for the cumulative effect of a change in accounting principle, net of income taxes. For more information on the held-to-maturity allowance for credit losses, refer to Note 4 of this Quarterly Report. Prior to the adoption of the new guidance, the Company utilized an aging model to estimate credit losses on accounts receivable. As this aging model is allowed under the new guidance, there is no impact to the Company's allowance for credit losses for accounts receivable. The adoption of this new standard did not have a significant impact on the condensed consolidated statements of operations or the condensed consolidated statements of cash flows. The guidance also requires additional disclosures regarding the Company's held-to-maturity allowance for credit losses, which have been included within Note 4.

In February 2016, the FASB issued ASU 2016-02, Leases ("ASU 2016-02"), which provides guidance for accounting for leases. ASU 2016-02 requires lessees to classify leases as either finance or operating leases and to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of the lease classification. The lease classification will determine whether the lease expense is recognized based on an effective interest rate method or on a straight-line basis over the term of the lease. Modified or new leases subsequent to the effective date will follow ASC 2016-02. Accounting for lessors remains largely unchanged from current U.S. GAAP. Under ASU 2020-05, the effective date for adoption of ASU 2016-02 is fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. We early adopted this new guidance on January 1, 2022 under a modified retrospective transition approach using the cumulative-effect adjustment transition method approved by the FASB, which results in reporting for the comparative periods presented in accordance with the previous lease guidance under ASC 840. We elected the package of practical expedients but did not adopt the hindsight practical expedient as of January 1, 2022. The package of practical expedients allowed the Company not to reassess whether the arrangement contains a lease, lease classification and whether previously capitalized costs qualify as initial direct costs. The practical expedients allowed the Company to continue classifying all of its leases as operating leases as they were previously classified under ASC 840. The Company recognized lease liabilities of $24.4 million and corresponding right-of-use assets of $23.8 million in our consolidated balance sheet on January 1, 2022. The difference between the lease liabilities and corresponding right-of-use assets related to prepaid rent and deferred lease obligations recognized in prepaid expenses, deposits and other assets and accrued expenses and other liabilities, respectively, in our consolidated balance sheet on January 1, 2022, resulting in no cumulative-effect adjustment to opening equity. The new standard did not have a significant impact on the condensed consolidated statements of operations or the condensed consolidated statements of cash flows. The guidance also requires additional disclosures regarding the Company's lease portfolio, which have been included within Note 17.

In January 2020, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes (Topic 740). ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and clarifies and amends existing guidance to improve consistent application. Specifically, ASU 2019-12 eliminates certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 is effective for annual periods beginning after December 15, 2020, and interim periods beginning after December 15, 2020. ASU 2019-12 is effective for private entities for annual periods beginning after December 15, 2021, and interim periods beginning after December 15, 2022, with early adoption permitted. The Company adopted ASU 2019-12 under the private company transition guidance beginning January 1, 2022, and the adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements or disclosures given the Company has a full valuation allowance and the scenarios for which the guidance offer simplification are not significant for the Company.

Recently issued but not adopted accounting pronouncements

In August 2018, the FASB issued ASU 2018-12, Financial Services-Insurance (Topic 944), Targeted Improvements to the Accounting for Long-Duration Contracts, effective for fiscal years beginning after December 15, 2022 including interim periods within those fiscal years. In June of 2020, the FASB deferred the effective date of ASU 2018-12 for one-year in response to implementation challenges resulting from COVID-19. This update requires insurance companies to annually review and update the assumptions used for measuring the liability under long-duration contracts. The amendments in this ASU may be early adopted as of the beginning of an annual reporting period for which financial statements have not yet been issued, including interim financial statements. We do not currently expect to early adopt this standard. Although we have long-duration contracts, this specific guidance is not expected to impact our title insurance operations; therefore, we do not expect this standard to have a material impact on our condensed consolidated financial statements.

3. Business Combination

As described in Note 1, on March 2, 2021, Old Doma entered into the Agreement with Capitol, a blank check company incorporated in the State of Delaware and formed for the purpose of effecting a merger. Pursuant to the Agreement, a newly formed subsidiary of Capitol was merged with and into Old Doma, and the Business Combination was completed on July 28, 2021. The Business Combination was accounted for as a reverse recapitalization and Capitol was treated as the acquired company for financial statement reporting purposes. Old Doma was deemed the predecessor for financial reporting purposes and Doma was deemed the successor SEC registrant, meaning that Old Doma's financial statements for periods prior to the consummation of the Business

Combination are disclosed in the financial statements included within this Quarterly Report and will be disclosed in Doma's future periodic reports. No goodwill or other intangible assets were recorded, in accordance with GAAP. At the Closing Date, Doma received gross cash consideration of $345.0 million as a result of the reverse recapitalization from Capitol's trust account, which was then reduced by the redemption of Class A common stock of $294.9 million. In addition, existing Old Doma stockholders and option holders received cash payments from the settlement of the net proceeds of the Business Combination totaling $20.1 million.

In connection with the Business Combination, Capitol entered into subscription agreements with certain investors, whereby Doma issued 30,000,000 shares of common stock at $10.00 per share for an aggregate purchase price of $300.0 million (the "PIPE Investment"), which closed simultaneously with the consummation of the Business Combination.

Upon the Closing Date, holders of Old Doma common stock, par value $0.0001 per share ("Old Doma Common Stock") received shares of our common stock in an amount determined by the exchange ratio of approximately 5.994933 to 1 (the "Exchange Ratio"), which was based on the implied price per share prior to the Business Combination established within the Agreement. Reported shares and earnings per share available to holders of Old Doma's Common Stock, prior to the Business Combination, have been retroactively restated reflecting the Exchange Ratio. Applicable share activity within the statement of changes in stockholder's equity were also retroactively converted to our common stock at the Exchange Ratio.

Old Doma recorded the net assets acquired from Capitol. The total estimated transaction costs directly attributable to the Business Combination are approximately $67.0 million, consisting of advisory, legal, share registration and other professional fees. $12.1 million of these fees represent underwriter fees incurred by Capitol prior to the Business Combination related to their initial public offering.

Immediately after the Closing Date, 1,325,664 shares of common stock held by the Sponsor became subject to vesting, contingent upon the price of Doma's common stock, par value 0.0001 ("Doma common stock") exceeding certain thresholds (the "Sponsor Covered Shares").

Immediately after giving effect to the Business Combination and the PIPE Investment, there were 321,461,822 shares of common stock outstanding, which excludes the 1,325,664 of Sponsor Covered Shares. The Company is authorized to issue 2,000,000,000 shares of common stock having a par value of $0.0001 per share. Additionally, the Company is authorized to issue 100,000,000 shares of preferred stock having a par value of $0.0001 per share. As of June 30, 2022, there were 325,497,629 and 0 shares of common stock and preferred stock issued and outstanding, respectively, which excludes the 1,325,664 of Sponsor Covered Shares.

On December 4, 2020, Capitol consummated its initial public offering, which included the issuance of 11,500,000 redeemable warrants (the "Public Warrants"). Simultaneously with the closing of the initial public offering, Capitol completed the private sale of 5,833,333 warrants (the "Private Placement Warrants"). These Warrants remain outstanding following the Business Combination and each whole warrant entitles the holder to purchase one share of our common stock at a price of $11.50 (see Note 16 for additional information).

Immediately after the Closing Date, 20% of the aggregate of our common stock held by certain investors (collectively, the "Sponsor") became subject to vesting, contingent upon the price of our common stock exceeding certain thresholds. The Sponsor Covered Shares will vest in two tranches: (i) one-half of such shares shall vest if the last reported sale price of the common stock equals or exceeds $15.00 for any 20 trading days within any 30-day trading period ending on or before the tenth anniversary of the Closing Date, and (ii) one-half of such shares shall vest if the last reported sale price of the common stock equals or exceeds $17.50 for any 20 trading days within any 30-day trading period ending on or before the tenth anniversary of the Closing Date. The Sponsor is also entitled to the Sponsor Covered Shares if a covered strategic transaction or change in control, as defined by the sponsor support agreement dated as of March 2, 2021 (the "Sponsor Support Agreement") by and among the sponsors named thereto, Capitol and Old Doma, occurs prior to the ten (10)-year anniversary of the Closing Date. As of June 30, 2022, the Sponsor Covered Shares were legally outstanding; however, since none of the conditions were met, no related shares are included in the Company's condensed consolidated balance sheets and condensed consolidated statement of changes in stockholders' equity or for the purposes of calculating earnings per share.

Also following the Closing Date, the Sellers have the contingent right to receive up to an additional number of shares equal to 5% of the sum of (i) the aggregate number of outstanding shares of our common stock (including restricted common stock, but excluding Sponsor Covered Shares), plus (ii) the maximum number of shares underlying our options that are vested and the maximum number of shares underlying warrants to purchase shares of Doma common stock issued as replacement warrants for Old Doma warrants, in each case of these clauses (i) and (ii), as of immediately following the Closing Date (the "Seller Earnout Shares"). The Seller Earnout Shares are contingently issuable to the Sellers in two tranches: (i) one-half of such shares shall be issued if the last reported sale price of the common stock equals or exceeds $15.00 for any 20 trading days within any 30-day trading period ending on or before the fifth anniversary of the Closing Date, and (ii) one-half of such shares shall be issued if the last reported sale price of the common stock equals or exceeds $17.50 for any 20 trading days within any 30-day trading period ending on or before the fifth anniversary of the Closing Date. Since none of the conditions of the Seller Earnout Shares were met as of June 30, 2022, no related shares are included in the Company's condensed consolidated balance sheets and condensed consolidated statements of changes in stockholders' equity as of June 30, 2022 or for purposes of calculating earnings per share.

Unless the context otherwise requires or otherwise indicates, share counts of Doma common stock provided in this Quarterly Report exclude both the Sponsor Covered Shares and the Seller Earnout Shares.

4. Investments and fair value measurements

Held-to-maturity debt securities

The cost basis, fair values and gross unrealized gains and losses of our held-to-maturity debt securities are as follows:

	June 30, 2022				December 31, 2021			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Corporate debt securities[1]	$ 45,276	$ 6	$ (2,386)	$ 42,896	$ 62,078	$ 459	$ (207)	$ 62,330
U.S. Treasury securities	6,237	—	(127)	6,110	4,849	—	(16)	4,833
Certificates of deposit	237	—	—	237	237	—	—	237
Total	$ 51,750	$ 6	$ (2,513)	$ 49,243	$ 67,164	$ 459	$ (223)	$ 67,400

(1) Includes both U.S. and foreign corporate debt securities.

The cost basis of held-to-maturity debt securities includes an adjustment for the amortization of premium or discount since the date of purchase. Held-to-maturity debt securities valued at approximately $4.4 million and $4.2 million were on deposit with various governmental authorities at June 30, 2022 and December 31, 2021, respectively, as required by law.

The change in net unrealized gains and losses on held-to-maturity debt securities for the six months ended June 30, 2022 and 2021 was $(2.7) million and $(0.1) million, respectively.

Net realized gains of held-to-maturity debt securities are computed using the specific identification method and are included in the condensed consolidated statements of operations.

The following table presents certain information regarding contractual maturities of our held-to-maturity debt securities:

	June 30, 2022			
Maturity	Amortized Cost	% of Total	Fair Value	% of Total
One year or less	$ 26,784	52 %	$ 26,478	54 %
After one year through five years	24,966	48 %	22,765	46 %
Total	$ 51,750	100 %	$ 49,243	100 %

There were no held-to-maturity debt securities with contractual maturities after five years. Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Net unrealized losses on held-to-maturity debt securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position are as follows:

	June 30, 2022			December 31, 2021		
	Corporate debt securities	U.S. Treasury securities	Total	Corporate debt securities	U.S. Treasury securities	Total
Less than 12 months						
Fair value	$ 37,914	$ 6,110	$ 44,024	$ 18,309	$ 4,667	$ 22,976
Unrealized losses	$ (2,270)	$ (127)	$ (2,397)	$ (192)	$ (16)	$ (208)
Greater than 12 months						
Fair value	$ 1,467	$ —	$ 1,467	$ 605	$ —	$ 605
Unrealized losses	$ (116)	$ —	$ (116)	$ (15)	$ —	$ (15)
Total						
Fair value	$ 39,381	$ 6,110	$ 45,491	$ 18,914	$ 4,667	$ 23,581
Unrealized losses	$ (2,386)	$ (127)	$ (2,513)	$ (207)	$ (16)	$ (223)

We believe that any unrealized losses on our held-to-maturity debt securities at June 30, 2022 are temporary based upon our current analysis of the issuers of the securities that we hold and current market conditions. We have no intent to sell, and it is more likely than not that we will not be required to sell, these securities until the fair value recovers to at least equal our cost basis or the securities mature.

Under the CECL model, the Company recognizes credit losses for its held-to-maturity debt securities by setting up an allowance which is remeasured each reporting period, with changes in the allowance recorded in the condensed consolidated statements of operations. The Company establishes an allowance for credit losses based on a number of factors including the current economic conditions, management's expectations of future economic conditions and performance indicators, such as credit agency ratings and payment and default history. As of June 30, 2022, credit agency ratings on our U.S. Treasury and corporate debt securities ranged from AAA through B1.

For our held-to-maturity debt securities, the Company's model estimates expected credit loss by multiplying the exposure at default by both the probability of default and loss given default (“LGD”). The probability of default and LGD percentages are estimated after considering historical experience with global default rates and unsecured bond recovery rates for horizons aligning to the Company’s held-to-maturity debt security portfolio. The calculated allowance is recorded as an offset to held-to-maturity debt securities in the condensed consolidated balance sheets and in the investment, dividend and other income line on the condensed consolidated statements of operations.

Rollforward of Credit Loss Allowance for Held-to-Maturity Debt Securities

Beginning balance, January 1, 2022	$	399
Current-period provision for expected credit losses		44
Write-off charged against the allowance, if any		—
Recoveries of amounts previously written off, if any		—
Ending balance of the allowance for credit losses, June 30, 2022	$	443

The current-period provision for expected credit losses is due to changes in portfolio composition, the maturity of certain securities, and changes in the credit ratings of certain securities.

Available-for-sale debt securities

The cost basis, fair values and gross unrealized gains and losses of our available-for-sale debt securities are as follows:

	June 30, 2022			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Corporate debt securities[1]	$ 19,852	$ 106	$ (2)	$ 19,956
U.S. Treasury securities	28,353	185	—	28,538
Foreign government securities	1,459	13	—	1,472
Total	$ 49,664	$ 304	$ (2)	$ 49,966

(1) Includes both U.S. and foreign corporate debt securities.

The Company had no available-for-sale securities or related unrealized gain or loss as of December 31, 2021.

The cost basis of available-for-sale debt securities includes an adjustment for the amortization of premium or discount since the date of purchase.

The change in net unrealized gains on available-for-sale debt securities for the three and six months ended June 30, 2022 was $0.3 million. The change in net unrealized gains on available-for-sale debt securities for the six months ended June 30, 2021 was $(0.9) million, respectively. The Company disposed all available-for-sale debt securities in the three months ended March 31, 2021 and therefore had no unrealized gain or loss as of June 30, 2021 and no change in net unrealized gains on available-for-sale debt securities for the three months ended June 30, 2021. Any unrealized holding gains or losses on available-for-sale debt securities as of June 30, 2022 are reported as accumulated other comprehensive gain or loss, which is a separate component of stockholders' equity, net of tax, until realized.

The following table reflects the composition of net realized gains or losses for the sales of the available-for-sale securities:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Realized gains (losses):				
Available-for-sale debt securities:				
Gains	$ —	$ —	$ —	$ 768
Losses	—	—	—	(90)
Net	$ —	$ —	$ —	$ 678
Proceeds from sales	$ —	$ —	$ —	$ 7,817

Net realized gains on disposition of available-for-sale debt securities are computed using the specific identification method and are included in the condensed consolidated statements of operations.

The following table presents certain information regarding contractual maturities of our available-for-sale debt securities:

	June 30, 2022			
Maturity	Amortized Cost	% of Total	Fair Value	% of Total
One year or less	$ —	— %	$ —	— %
After one year through five years	49,664	100 %	49,966	100 %
Total	$ 49,664	100 %	$ 49,966	100 %

There were no available-for-sale debt securities with contractual maturities after five years. Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Net unrealized losses on available-for-sale debt securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position are as follows:

	June 30, 2022		December 31, 2021	
	Corporate debt securities	Total	Corporate debt securities	Total
Less than 12 months				
Fair value	$ 1,466	$ 1,466	$ —	$ —
Unrealized losses	$ (2)	$ (2)	$ —	$ —
Greater than 12 months				
Fair value	$ —	$ —	$ —	$ —
Unrealized losses	$ —	$ —	$ —	$ —
Total				
Fair value	$ 1,466	$ 1,466	$ —	$ —
Unrealized losses	$ (2)	$ (2)	$ —	$ —

We believe that any unrealized losses on our available-for-sale debt securities at June 30, 2022 are temporary based upon our current analysis of the issuers of the securities that we hold and current market conditions. We have no intent to sell, and it is more likely than not that we will not be required to sell, these securities until the fair value recovers to at least equal our cost basis or the securities mature.

As of June 30, 2022, the Company did not have an allowance for credit losses for available-for-sale debt securities.

Equity securities

The Company disposed of all equity securities in the three months ended March 31, 2021.

Mortgage loans

The mortgage loan portfolio as of June 30, 2022 is comprised entirely of single-family residential mortgage loans. During the six months ended June 30, 2022, the Company did not purchase any new mortgage loans.

Mortgage loans, which include contractual terms to maturity of thirty years, are not categorized by contractual maturity as borrowers may have the right to call or prepay obligations with, or without, call or prepayment penalties.

The cost and estimated fair value of mortgage loans are as follows:

	June 30, 2022		December 31, 2021	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
Mortgage loans	$ 1,132	$ 1,132	$ 2,022	$ 2,022
Total	$ 1,132	$ 1,132	$ 2,022	$ 2,022

Investment income

Investment income from securities consists of the following:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Available-for-sale debt securities	$ 63	$ —	$ 63	$ 773
Held-to-maturity debt securities	358	570	746	964
Equity investments	—	—	—	(89)
Mortgage loans	18	45	40	91
Other	6	1	125	61
Total	$ 445	$ 616	$ 974	$ 1,800

Accrued interest receivable

Accrued interest receivable from investments is included in receivables, net in the condensed consolidated balance sheets. The following table reflects the composition of accrued interest receivable for investments:

	June 30, 2022	December 31, 2021
Corporate debt securities	$ 746	$ 874
U.S. Treasury securities	169	12
Foreign government securities	5	—
Accrued interest receivable on investment securities	$ 920	$ 886
Mortgage loans	6	13
Accrued interest receivable on investments	$ 926	$ 899

The Company does not recognize an allowance for credit losses for accrued interest receivable, which is recorded in the receivables line in the condensed consolidated balance sheets, because the Company writes off accrued investment timely. The Company writes off accrued interest receivables after three months by reversing interest income.

Fair value measurement

ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820") establishes a fair value hierarchy that prioritizes and ranks the level of observability of inputs used to measure financial assets or liabilities at fair value. The observability of inputs is impacted by a number of factors, including the type of asset or liability, characteristics specific to the asset or liability, market conditions and other factors. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical asset or liability at the measurement date are used.
Level 2	Pricing inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 pricing inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Pricing inputs are unobservable and include situations where there is little, if any, market activity for the asset or liability. The inputs used in determination of fair value require significant judgment and estimation.

When fair value inputs fall within different levels of the fair value hierarchy, the level in the fair value hierarchy within which the asset or liability is categorized in its entirety is determined based on the lowest level input that is significant to the asset or liability. Assessing the significance of a particular input to the valuation of an asset or liability in its entirety requires judgment and considers factors specific to the asset or liability. The categorization of an asset or liability within the hierarchy is based upon the pricing transparency of the asset or liability and does not necessarily correspond to the perceived risk of that asset or liability.

The following table summarizes the Company's investments measured at fair value. The Company's available-for-sale securities in the following table are recorded at fair value on the accompanying condensed consolidated balance sheets.

	Assets							
	June 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Held-to-maturity:								
Corporate debt securities	$ —	$ 42,896	$ —	$ 42,896	$ —	$ 62,330	$ —	$ 62,33
U.S. Treasury securities	6,110	—	—	6,110	4,833	—	—	4,83
Certificate of deposits	—	237	—	237	—	237	—	23
Total held-to-maturity debt securities	$ 6,110	$ 43,133	$ —	$ 49,243	$ 4,833	$ 62,567	$ —	$ 67,40
Available-for-sale:								
Corporate debt securities	$ —	$ 19,956	$ —	$ 19,956	$ —	$ —	$ —	$ —
U.S. Treasury securities	28,538	—	—	28,538	—	—	—	—
Foreign government securities	—	1,472	—	1,472	—	—	—	—
Total available-for-sale debt securities	$ 28,538	$ 21,428	$ —	$ 49,966	$ —	$ —	$ —	$ —
Mortgage loans	$ —	$ —	$ 1,132	$ 1,132	$ —	$ —	$ 2,022	$ 2,02
Total	$ 34,648	$ 64,561	$ 1,132	$ 100,341	$ 4,833	$ 62,567	$ 2,022	$ 69,42

The Company classifies U.S. Treasury bonds within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. Corporate debt securities and certificates of deposit are classified within Level 2 because they are valued using inputs other than quoted prices that are directly or indirectly observable in the market, including readily available pricing sources for the identical underlying security which may be actively traded. The Company classifies mortgage loans as Level 3 due to the reliance on significant unobservable valuation inputs.

The Company's liabilities in the following table are recorded at fair value on the accompanying condensed consolidated balance sheets. The following table summarizes the Company's liabilities measured at fair value:

	Liabilities							
	June 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Public Warrants	$ 1,380	$ —	$ —	$ 1,380	$ 10,925	$ —	$ —	$ 10,925
Private Placement Warrants	—	700	—	700	—	5,542	—	5,542
Sponsor Covered Shares	—	—	709	709	—	—	5,415	5,415
Total	$ 1,380	$ 700	$ 709	$ 2,789	$ 10,925	$ 5,542	$ 5,415	$ 21,882

The Company considers the Public Warrants to be Level 1 liabilities due to the use of an observable market quote in an active market under the ticker DOMA.WS. For the Private Placement Warrants, the Company considers the fair value of each Private Placement Warrant to be equivalent to that of each Public Warrant, with an immaterial adjustment for short-term marketability restrictions. As such, the Private Placement Warrants are classified as Level 2.

The fair value of the Sponsor Covered Shares was determined using a Monte Carlo simulation valuation model using a distribution of potential stock price outcomes on a daily basis over the original 10-year vesting period. The unobservable significant inputs to the valuation model were as follows:

	June 30, 2022
Current stock price	$ 1.03
Expected volatility	60.0 %
Risk-free interest rate	3.01 %
Current expected term	9.1
Expected dividend yield	— %
Annual change in control probability	2.0 %

The changes for Level 3 items measured at fair value on a recurring basis using significant unobservable inputs are as follows:

	Sponsor Covered Shares
Fair value as of December 31, 2021	$ 5,415
Change in fair value of Sponsor Covered Shares	(4,706)
Fair value as of June 30, 2022	$ 709

There were no transfers of assets or liabilities between Level 1 and Level 2 during the three or six months ended June 30, 2022 and the year ended December 31, 2021. There were no transfers involving Level 3 assets or liabilities during the three or six months ended June 30, 2022 and the year ended December 31, 2021.

Cash and cash equivalents, restricted cash, receivables, prepaid expenses and other assets, accounts payable, and accrued expenses and other liabilities approximate fair value and are therefore excluded from the leveling table above. The cost basis is determined to approximate fair value due to the short term duration of these financial instruments.

5. Revenue recognition

Disaggregation of revenue

Our revenue consists of:

Revenue Stream	Statements of Operations Classification	Segment	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
			Total Revenue			
Revenue from insurance contracts:						
Direct Agents title insurance premiums	Net premiums written	Underwriting	$ 19,328	$ 31,281	$ 41,741	$ 55,854
Direct Agents title insurance premiums	Net premiums written	Elimination	—	(110)	—	(880)
Third-Party Agent title insurance premiums	Net premiums written	Underwriting	89,598	78,100	162,851	162,289
Total revenue from insurance contracts			$ 108,926	$ 109,271	$ 204,592	$ 217,263
Revenue from contracts with customers:						
Escrow fees	Escrow, title-related and other fees	Distribution	$ 10,537	$ 15,755	$ 22,368	$ 29,135
Other title-related fees and income	Escrow, title-related and other fees	Distribution	19,476	30,533	41,925	54,798
Other title-related fees and income	Escrow, title-related and other fees	Underwriting	535	389	1,338	1,798
Other title-related fees and income	Escrow, title-related and other fees	Elimination[1]	(16,182)	(26,612)	(35,152)	(47,091)
Total revenue from contracts with customers			$ 14,366	$ 20,065	$ 30,479	$ 38,640
Other revenue:						
Interest and investment income [2]	Investment, dividend and other income	Distribution	$ 34	$ 37	$ 75	$ 87
Interest and investment income [2]	Investment, dividend and other income	Underwriting	508	540	917	991
Realized gains and losses, net	Investment, dividend and other income	Distribution	(67)	—	(94)	(4)
Realized gains and losses, net	Investment, dividend and other income	Underwriting	(23)	73	(18)	805
Total other revenues			$ 452	$ 650	$ 880	$ 1,879
Total revenues			$ 123,744	$ 129,986	$ 235,951	$ 257,782

(1) Premiums retained by Direct Agents are recognized as income to the Distribution segment, and expense to the Underwriting segment. Upon consolidation, the impact of these internal segment transactions is eliminated. See Note 7. Segment information for additional breakdown.

(2) Interest and investment income consists primarily of interest payments received on held-to-maturity debt securities, available-for-sale debt securities and mortgage loans.

6. Liability for loss and loss adjustment expenses

A summary of the changes in the liability for loss and loss adjustment expenses for the six months ending June 30, 2022 and 2021 is as follows:

	June 30, 2022	June 30, 2021
Balance at the beginning of the year	$ 80,267	$ 69,800
Provision for claims related to:		
Current year	$ 13,025	$ 14,516
Prior years	(2,104)	(4,461)
Total provision for claims	$ 10,921	$ 10,055
Paid losses related to:		
Current year	$ (1,608)	$ (1,554)
Prior years	(4,644)	(3,595)
Total paid losses	$ (6,252)	$ (5,149)
Balance at the end of the period	$ 84,936	$ 74,706
Provision for claims as a percentage of net written premiums	5.3 %	4.6 %

We continually update our liability for loss and loss adjustment expense estimates as new information becomes known, new loss patterns emerge, or as other contributing factors are considered and incorporated into the analysis. Estimating future title loss payments is difficult because of the complex nature of title claims, the long periods of time over which claims are paid, significantly varying dollar amounts of individual claims, and other factors.

Current year incurred and paid losses includes current year reported claims as well as estimated future losses on such claims.

For the six months ended June 30, 2022, the prior year's provision for claims release of $2.1 million is due to reported loss emergence which was lower than expected. Historically, this favorable loss experience has resulted in a decrease in the projection of ultimate loss for past policy years. Most recently, our favorable loss experience resulted in a decrease in the projection of ultimate loss for policy years 2018, 2020, and 2021. For the six months ended June 30, 2021, the provision for claims reserve release related to prior years of $4.5 million is due to reported loss emergence which was lower than expected. This has resulted in a decrease in the projection of ultimate loss for policy years 2017-2020. The actuarial assumptions underlying the Company's selected ultimate loss estimates place more consideration on title insurance industry benchmarks for more recent policy years. These title insurance benchmarks are based on industry long-term average loss ratios. As the Company's claims experience matures, we refine those estimates to put more consideration to the Company's actual claims experience. For the six months ended June 30, 2022 and 2021, the Company's actual claims experience reflects lower loss ratios than industry benchmarks from a current positive underwriting cycle and resulted in the favorable development.

The liability for loss and loss adjustment expenses of $84.9 million and $80.3 million, as of June 30, 2022 and December 31, 2021, respectively, includes $0.1 million and $0.1 million, respectively, of reserves for the settlement of claims which the Company has deemed to be directly related to its escrow or agent related activities. The reserves for the settlement of claims related to escrow or agent related activities are not actuarially determined.

7. Segment information

The Company's chief operating decision maker reviews financial performance and makes decisions about the allocation of resources for our operations through two reportable segments, (1) Distribution and (2) Underwriting.

The Company’s reportable segments offer different products and services that are marketed through different channels for real estate closing transactions. They are managed separately because of the unique technology, service requirements and regulatory environment.

A description of each of our reportable segments is as follows.

- Distribution: Our Distribution segment reflects our Direct Agents operations of acquiring customer orders and providing title and escrow services for real estate closing transactions. We acquire customers through our partnerships with realtors, attorneys and non-centralized loan originators via a 111-branch footprint across ten states as of June 30, 2022 (“Local”) and our partnerships with national lenders and mortgage originators that maintain centralized lending operations representing our Doma Enterprise accounts (“Doma Enterprise”).

- Underwriting: Our Underwriting segment reflects the results of our title insurance underwriting business, including policies referred through our Direct Agents and Third-Party Agents channels. The referring agents typically retain approximately 82% - 84% of the policy premiums in exchange for their services. The retention varies by state and agent.

We use adjusted gross profit as the primary profitability measure for making decisions regarding ongoing operations. Adjusted gross profit is calculated by subtracting direct costs, such as premiums retained by agents, direct labor, other direct costs, and provision for claims, from total revenue. Our chief operating decision maker evaluates the results of the aforementioned segments on a pre-tax basis. Segment adjusted gross profit excludes certain items which are included in net loss, such as depreciation and amortization, corporate and other expenses, change in the fair value of Warrant and Sponsor Covered Shares liabilities, interest expense, and income tax expense, as these items are not considered by the chief operating decision maker in evaluating the segments’ overall operating performance. Our chief operating decision maker does not review nor consider assets allocated to our segments for the purpose of assessing performance or allocating resources. Accordingly, segments’ assets are not presented.

The following table summarizes the operating results of the Company’s reportable segments:

	Three months ended June 30, 2022			
	Distribution	Underwriting	Eliminations	Consolidated total
Net premiums written	$ —	$ 108,926	$ —	$ 108,926
Escrow, other title-related fees and other [(1)]	30,013	535	(16,182)	14,366
Investment, dividend and other income	(33)	485	—	452
Total revenue	$ 29,980	$ 109,946	$ (16,182)	$ 123,744
Premiums retained by agents [(2)]	$ —	$ 90,820	$ (16,182)	$ 74,638
Direct labor [(3)]	21,091	2,799	—	23,890
Other direct costs [(4)]	5,374	2,642	—	8,016
Provision for claims	1,257	5,053	—	6,310
Adjusted gross profit	$ 2,258	$ 8,632	$ —	$ 10,890

	Six months ended June 30, 2022			
	Distribution	Underwriting	Eliminations	Consolidated total
Net premiums written	$ —	$ 204,592	$ —	$ 204,592
Escrow, other title-related fees and other [1]	64,293	1,338	(35,152)	30,479
Investment, dividend and other income	(19)	899	—	880
Total revenue	$ 64,274	$ 206,829	$ (35,152)	$ 235,951
Premiums retained by agents [2]	$ —	$ 170,392	$ (35,152)	$ 135,240
Direct labor [3]	46,644	5,044	—	51,688
Other direct costs [4]	11,433	5,409	—	16,842
Provision for claims	1,856	9,065	—	10,921
Adjusted gross profit	$ 4,341	$ 16,919	$ —	$ 21,260

	Three months ended June 30, 2021			
	Distribution	Underwriting	Eliminations	Consolidated total
Net premiums written	$ —	$ 109,381	$ (110)	$ 109,271
Escrow, other title-related fees and other [1]	46,288	389	(26,612)	20,065
Investment, dividend and other income	37	613	—	650
Total revenue	$ 46,325	$ 110,383	$ (26,722)	$ 129,986
Premiums retained by agents [2]	$ —	$ 91,903	$ (26,722)	$ 65,181
Direct labor [3]	18,986	1,916	—	20,902
Other direct costs [4]	5,881	1,680	—	7,561
Provision for claims	(25)	6,832	—	6,807
Adjusted gross profit	$ 21,483	$ 8,052	$ —	$ 29,535

	Six months ended June 30, 2021			
	Distribution	Underwriting	Eliminations	Consolidated total
Net premiums written	$ —	$ 218,143	$ (880)	$ 217,263
Escrow, other title-related fees and other [1]	83,933	1,798	(47,091)	38,640
Investment, dividend and other income	83	1,796	—	1,879
Total revenue	$ 84,016	$ 221,737	$ (47,971)	$ 257,782
Premiums retained by agents [2]	$ —	$ 183,490	$ (47,971)	$ 135,519
Direct labor [3]	35,093	3,788	—	38,881
Other direct costs [4]	11,197	3,473	—	14,670
Provision for claims	534	9,521	—	10,055
Adjusted gross profit	$ 37,192	$ 21,465	$ —	$ 58,657

(1) Includes fee income from closings, escrow, title exams, ceding commission income, as well as premiums retained by Direct Agents.
(2) This expense represents a deduction from the net premiums written for the amounts that are retained by Direct Agents and Third-Party Agents as compensation for their efforts to generate premium income for our Underwriting segment. The impact of premiums retained by our Direct Agents and the expense for reinsurance or co-insurance procured on Direct Agent sourced premiums are eliminated in consolidation.
(3) Includes all compensation costs, including salaries, bonuses, incentive payments, and benefits, for personnel involved in the direct fulfillment of title and/or escrow services. Direct labor excludes severance costs.
(4) Includes title examination expense, office supplies, and premium and other taxes.

The following table provides a reconciliation of the Company's total reportable segments' adjusted gross profit to its total loss before income taxes:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Adjusted gross profit	$ 10,890	$ 29,535	$ 21,260	$ 58,657
Depreciation and amortization	3,747	3,021	6,983	5,727
Corporate and other expenses [1]	66,363	45,151	133,031	79,841
Change in fair value of Warrant and Sponsor Covered Shares liabilities	(5,193)	—	(19,093)	—
Interest expense	4,489	4,451	8,696	7,810
Loss before income taxes	$ (58,516)	$ (23,088)	$ (108,357)	$ (34,721)

(1) Includes corporate and other costs not allocated to segments including corporate support function costs, such as legal, finance, human resources, technology support and certain other indirect operating expenses, such as sales and management payroll, and incentive related expenses.

As of June 30, 2022 and December 31, 2021 the Distribution segment had allocated goodwill of $88.1 million and the Underwriting segment had allocated goodwill of $23.4 million. There were no additions from acquisitions, impairments, or adjustments to goodwill resulting from prior year acquisitions in either segment for the three and six months ended June 30, 2022 and 2021.

8. Debt

Senior secured credit agreement

On December 31, 2020, Old Doma executed a loan and security agreement with Hudson Structured Capital Management Ltd. ("HSCM"), providing for a $150.0 million senior secured term loan ("Senior Debt") that was funded by the lenders, which are affiliates of HSCM, on January 29, 2021 ("Funding Date"). The Senior Debt matures five years from the Funding Date. Under the agreement, the Senior Debt will bear interest of 11.25% per annum, 5.0% of which will be paid on a current cash basis and the remainder to accrue and be added to the outstanding principal balance. Interest shall be compounded quarterly. If at any time Old Doma (now known as States Title) is in an event of default under the Senior Debt, outstanding amounts shall bear interest at the default interest rate of 15.00%. Upon funding, Old Doma issued penny warrants to affiliates of HSCM equal to 1.35% of Old Doma's fully diluted shares. The warrants were net exercised on the Closing Date and such affiliates of HSCM received the right to receive approximately 4.2 million shares of our common stock. The Senior Debt is secured by a first-priority pledge and security interest in substantially all of the assets (tangible and intangible) of our wholly owned subsidiary States Title (which represent substantially all of our assets) and any of its existing and future domestic subsidiaries (in each case, subject to customary exclusions, including the exclusion of regulated insurance company subsidiaries). States Title is subject to customary affirmative, negative and financial covenants, including, among other things, minimum liquidity of $20.0 million (as of the last day of any month), minimum consolidated annual revenue of $130.0 million, limits on the incurrence of indebtedness, restrictions on asset sales outside the ordinary course of business and material acquisitions, limitations on dividends and other restricted payments. States Title was in compliance with the Senior Debt covenants as of June 30, 2022. The Senior Debt also includes customary events of default for facilities of this type and provides that, if an event of default occurs and is continuing, the Senior Debt will amortize requiring regular payments on a straight-line basis over the subsequent 24-month calendar period, but not to extend beyond the maturity date.

The estimated fair value of the Senior Debt at June 30, 2022 was $160.1 million. No active or observable market exists for the Senior Debt and, as a result, this is a Level 3 fair value measurement. Therefore, the estimated fair value of the Senior Debt is based on the income valuation approach, which is a valuation technique that converts future amounts (for example, cash flows or income and expenses) to a single current (that is, discounted) amount.

9. Stock compensation expense

The Company issued stock options (incentive stock options ("ISOs") and non-statutory stock options ("NSOs") and restricted stock awards ("RSAs") to employees and key advisors under the Company's 2019 Equity Incentive Plan, which has been approved by the board of directors. Granted stock options do not expire for 10 years and have vesting periods ranging from 7 to 60 months. The holder of one stock option may purchase one share of common stock at the underlying strike price.

The Company issues restricted stock units ("RSUs") and performance restricted stock units ("PRSUs") under the Omnibus Incentive Plan. The RSUs are subject to time-based vesting, generally with a majority of the RSUs vesting 25% on the first anniversary of the award date and ratably thereafter for twelve quarters, such that the RSUs will be fully vested on the fourth anniversary of their award date. Eligible participants in the PRSUs will receive a number of earned shares based on Company financial results during the performance period, as established by the Company's board of directors. Earned shares for the PRSUs will fully vest once the continuous employment service condition is met after the performance period. The RSUs and PRSUs are measured at fair market value on the grant date and stock-based compensation expense is recognized as the shares vest with a corresponding offset credited to additional paid-in-capital.

In June 2022, the Company issued stock awards to its Chief Executive Officer under the Omnibus Incentive Plan that vest upon the satisfaction of a time-based service condition and a market condition ("market-based awards"). Both the service and the market condition must be satisfied for the award to vest. The market condition of the awards is based on the 90-day volume weighted average price of the common stock of the Company reaching a price hurdle of $5.00, $7.50, and $10.00 during a performance period of 4 years. The maximum number of shares that can be earned under the market-based awards is 2,435,325 shares, with one-third of the total award allocated to each identified average price threshold. The time-based service condition in the market-based awards is satisfied quarterly over sixteen quarters of continuous employment, such that the service condition included in the market-based awards will be fully satisfied on the fourth anniversary of their award date. The Company recognizes compensation expense related to the market-based awards using the accelerated attribution method over the requisite service period.

For the three months ended June 30, 2022, a decrease in stock-based compensation expense of $3.0 million was recognized due to changes in the estimated probability of the financial metrics associated with certain PRSUs. Stock-based compensation expense for the three months ended June 30, 2022 and 2021 was $8.3 million and $3.7 million, respectively. Stock-based compensation expense for the six months ended June 30, 2022 and 2021 was $19.7 million and $6.0 million, respectively.

Stock options (ISO and NSO)

During the six months ended June 30, 2022, the Company had the following stock option activity:

	Number of Stock Options	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value ($)
Outstanding as of December 31, 2021	24,255,204	$ 0.51	7.91	$ 109,061
Granted	—	—	0	
Exercised	(1,605,887)	0.57	4.96	
Cancelled or forfeited	(2,016,930)	0.56	2.03	
Outstanding as of June 30, 2022	20,632,387	$ 0.59	7.05	$ 9,142
Options exercisable as of June 30, 2022	12,671,918	$ 0.53	6.55	$ 6,276

As of June 30, 2022, there was $19.9 million of stock-based compensation expense that had yet to be recognized related to nonvested stock option grants.

RSAs, RSUs and PRSUs

During the six months ended June 30, 2022, the Company had the following non-vested RSA, RSU and PRSU activity:

	Number of RSAs, RSUs and PRSUs	Average Grant Date Fair Value ($)
Non-vested at December 31, 2021	18,579,930	$ 6.11
Granted	33,402,323	2.04
Vested	(778,534)	4.76
Adjustment for PRSUs expected to vest	(2,124,499)	6.86
Cancelled or Forfeited	(5,787,585)	4.27
Non-vested at June 30, 2022	43,291,635	$ 3.21

As of June 30, 2022, there was $118.8 million of stock-based compensation expense that had yet to be recognized related to nonvested RSAs, RSUs and PRSUs.

Market-based awards

The market-based awards were measured at fair market value on the grant date, and stock-based compensation expense is recognized as the shares vest with a corresponding offset credited to additional paid-in-capital. The fair value of the market-based awards was determined using a Monte Carlo simulation valuation model using a distribution of potential stock price outcomes on a daily basis over the original 4-year vesting period. The unobservable significant inputs to the valuation model were as follows:

	June 30, 2022
Current stock price	$ 0.92
Expected volatility	75.0 %
Risk-free interest rate	3.14 %
Current expected term	3.9
Expected dividend yield	— %

During the six months ended June 30, 2022, the Company had the following non-vested market-based award activity:

	Number of Market-based awards	Average Grant Date Fair Value ($)
Non-vested at December 31, 2021	—	$ —
Granted	2,435,325	0.32
Vested	—	—
Cancelled or Forfeited	—	—
Non-vested at June 30, 2022	2,435,325	$ 0.32

As of June 30, 2022, there was $0.8 million of stock-based compensation expense that had yet to be recognized related to nonvested market-based awards.

10. Earnings per share

The calculation of the basic and diluted EPS is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Numerator				
Net loss attributable to Doma Holdings, Inc.	$ (58,652)	$ (23,299)	$ (108,678)	$ (35,057)
Denominator				
Weighted-average common shares – basic and diluted	324,879,934	69,944,477	324,387,981	68,688,288
Net loss per share attributable to stockholders				
Basic and diluted	$ (0.18)	$ (0.33)	$ (0.34)	$ (0.51)

As we have reported net loss for each of the periods presented, all potentially dilutive securities are antidilutive. The following potential outstanding shares of common stock and contingently issuable shares were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because the contingent criteria has not been satisfied and/or including them would have been antidilutive:

	As of June 30,	
	2022	2021
Old Doma preferred stock	—	212,029,525
Outstanding stock options	20,632,387	27,241,417
Warrants for common and preferred stock	18,022,750	5,026,488
RSA’s, RSU’s and PRSU’s	43,291,635	1,121,665
Market-based awards	2,435,325	—
Sponsor Covered Shares and Seller Earnout Shares	17,826,268	—
Total antidilutive securities	102,208,365	245,419,095

11. Related party transactions

Equity held by Lennar

In connection with the North American Title Acquisition, subsidiaries of Lennar were granted equity in the Company. As of June 30, 2022, Lennar, through its subsidiaries, held 25.3% of the Company on a fully diluted basis.

Transactions with Lennar

In the routine course of its business, Doma Title Insurance, Inc. (“DTI”) underwrites title insurance policies for a subsidiary of Lennar. The Company recorded the following revenues and premiums retained by Third-Party Agents from these transactions, which are included within our Underwriting segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	$ 33,663	$ 27,032	$ 61,331	$ 51,627
Premiums retained by Third-Party Agents	27,150	21,950	49,610	41,834

	June 30, 2022	December 31, 2021
Net receivables	$ 3,960	$ 3,883

These amounts are included in receivables, net in the Company's condensed consolidated balance sheets.

12. Commitments and contingencies

Legal matters

The Company is subject to claims and litigation matters in the ordinary course of business. Management does not believe the resolution of any such matters will have a materially adverse effect on the Company's financial position or results of operations.

Commitments and other contingencies

The Company also administers escrow deposits as a service to customers, a substantial portion of which are held at third-party financial institutions. These escrow deposits amounted to $168.2 million and $204.8 million at June 30, 2022 and December 31, 2021, respectively. Such deposits are not reflected in the condensed consolidated balance sheets, but the Company could be contingently liable for them under certain circumstances (for example, if the Company disposes of escrowed assets). Such contingent liabilities have not materially impacted the results of operations or financial condition to date and are not expected to do so in the future.

See Note 17 in our condensed consolidated financial statements for information on our operating lease obligations.

13. Accrued expenses and other liabilities

Accrued expenses and other liabilities include the following:

	June 30, 2022	December 31, 2021
Employee compensation and benefits	$ 23,990	$ 32,756
Other	12,497	21,393
Total accrued expenses and other liabilities	$ 36,487	$ 54,149

14. Employee benefit plan

The Company sponsors a defined contribution 401(k) plan for its employees (the "Retirement Savings Plan"). The Retirement Savings Plan is a voluntary contributory plan under which employees may elect to defer compensation for federal income tax purposes under Section 401(k) of the Internal Revenue Code of 1986. All full-time employees age 18+ are eligible to enroll in the the Retirement Savings Plan on their first day of employment. Company matching contributions begin upon employee enrollment in the Retirement Savings Plan. Prior to January 1, 2022, the Company provided an employer match up to 50% of the first 6% of elective contributions, and there were no matching contributions in excess of 3% of compensation. Effective January 1, 2022, the Company provides an employer match up to 100% on the first 1% of elective contributions and 50% on the next 5% of elective contributions. The maximum matching contribution is 3.5% of compensation.

For the three months ended June 30, 2022 and 2021, the Company made contributions for the benefit of employees of $1.1 million and $0.6 million, respectively, to the Retirement Savings Plan. For the six months ended June 30, 2022 and 2021, the Company made contributions for the benefit of employees of $2.3 million and $1.3 million to the Retirement Savings Plan.

15. Research and development

For the three and six months ended June 30, 2022 and 2021, the Company recorded the following related to research and development expenses and capitalized internally developed software costs:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Research and development expenses incurred	$ 5,485	$ 3,132	$ 11,088	$ 5,459
Capitalized internally developed software costs	8,858	4,677	17,210	8,810
Research and development spend, inclusive of capitalized internally developed software cost	$ 14,343	$ 7,809	$ 28,298	$ 14,269

Our research and development costs reflect certain payroll-related costs of employees directly associated with such activities and certain software subscription costs, which are included in personnel costs on the condensed consolidated statements of operations. Capitalized internally developed software and acquired software costs are included in fixed assets, net in the condensed consolidated balance sheets.

16. Warrant liabilities

As a result of the Business Combination, the Company assumed, as of the Closing Date, Public Warrants to purchase an aggregate of 11,500,000 shares of our common stock and Private Placement Warrants to purchase an aggregate of 5,833,333 shares of our common stock. Each whole Warrant entitles the holder to purchase one share of common stock at a price of $11.50.

The Warrants became exercisable commencing on December 4, 2021, which is one year from the closing of the initial public offering of Capitol; provided, that we maintain an effective registration statement under the Securities Act of 1934, as amended (the “Securities Act”), covering our common stock.

Redemption of Public Warrants when the price per share of our common stock equals or exceeds $18.00

The Company may call the Public Warrants for redemption:

- in whole and not in part;
- at a price of $0.01 per Public Warrant;
- upon not less than 30 days’ prior written notice of redemption to each Public Warrant holder; and
- if, and only if, the last reported sale price of our common stock equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like and for certain issuances of common stock and equity-linked securities as described above) for any 20 trading days within a 30-trading day period ending three business days before the Company sends to the notice of redemption to the Public Warrant holders.

The Company will not redeem the Public Warrants as described above unless a registration statement under the Securities Act covering the issuance of the shares of common stock issuable upon a cashless exercise of the Public Warrants is then effective and a current prospectus relating to those shares of common stock is available throughout the 30-day redemption period, except if the Public Warrants may be exercised on a cashless basis and such cashless exercise is exempt from registration under the Securities Act.

Redemption of Public Warrants when the price per share of our common stock equals or exceeds $10.00

The Company may redeem the outstanding Public Warrants:

- in whole and not in part;
- at $0.10 per Public Warrant upon a minimum of 30 days’ prior written notice of redemption; provided that holders will be able to exercise their Public Warrants prior to redemption and receive a number of shares based on the redemption date and the “fair market value” of common stock except as otherwise described below;

- if, and only if, the last reported sale price of our common stock equals or exceeds $10.00 per share (as adjusted per stock splits, stock dividends, reorganizations, reclassifications, recapitalizations and the like and for certain issuances of common stock and equity-linked securities as described above) on the trading day prior to the date on which the Company sends the notice of redemption to the Public Warrant holders; and
- if, and only if, the last reported sale price of common stock is less than $18.00 per share (as adjusted for stock for stock splits, stock dividends, reorganizations, recapitalizations and the like and for certain issuances of common stock and equity-linked securities), the Private Placement Warrants are also concurrently called for redemption on the same terms as the outstanding Public Warrants, as described above.

Beginning on the date the notice of redemption is given until the Public Warrants are redeemed or exercised, holders may elect to exercise their Public Warrants on a cashless basis. The “fair market value” of our common stock will mean the volume-weighted average price of our common stock for the ten trading days immediately following the date on which the notice of redemption is sent to the holders of Public Warrants. In no event will the Public Warrants be exercisable in connection with this redemption feature for more than 0.361 shares of common stock per Public Warrant (subject to adjustment).

The Private Placement Warrants are identical to the Public Warrants except that the Private Placement Warrants, (i) subject to limited exceptions, are not redeemable by us, (ii) may be exercised for cash or on a cashless basis and (iii) are entitled to registration rights (including the shares of our common stock issuable upon exercise of the Private Placement Warrants), in each case, so long as they are held by the initial purchasers or any of their permitted transferees (as further described in the warrant agreement, dated as of December 1, 2020, between the Company and Continental Stock Transfer & Trust Company, a New York corporation, as warrant agent (the “Warrant Agreement”). If the Private Placement Warrants are held by holders other than the initial purchasers or any of their permitted transferees, they will be redeemable by us and exercisable by the holders on the same basis as the Public Warrants.

On September 3, 2021, the Company filed a Registration Statement on Form S-1 (No. 333-258942), as amended, with the SEC (which was declared effective on September 8, 2021; and the Company subsequently filed a post-effective amendment thereto, which was declared effective on March 30, 2022), which related to, among other things, the issuance of an aggregate of up to 17,333,333 shares of common stock issuable upon the exercise of the Warrants. As of June 30, 2022, the aggregate values of the Public and Private Warrants were $1.4 million and $0.7 million, respectively, representing Warrants outstanding to purchase 11,500,000 shares and 5,833,333 shares, respectively, of our common stock. As of December 31, 2021, the aggregate values of the Public and Private Warrants were $10.9 million and $5.5 million, respectively, representing Warrants outstanding to purchase 11,500,000 shares and 5,833,333 shares, respectively, of our common stock. The Warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities in the condensed consolidated balance sheets. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of Warrants and Sponsor Covered Shares liabilities in the condensed consolidated statements of operations.

17. Leases

The Company has operating leases consisting of office space and office equipment. Lease terms and options vary in the Company's operating leases dependent upon the underlying leased asset. We exclude options to extend or terminate a lease from our recognition as part of our right-of-use assets and lease liabilities until those options are known and/or executed, as we typically do not exercise options to purchase the underlying leased asset. As of June 30, 2022, we have leases with remaining terms of 1 month to 7.3 years, some of which may include no options for renewal and others with options to extend the lease terms from 1 year to 5 years. The components of our operating leases were as follows:

	Six months ended June 30, 2022
Components of lease expense:	
Operating lease expense	$ 6,021
Less sublease income	(161)
Net lease expense	5,860
Cash flow information related to leases:	
Operating cash outflow from operating leases during the six months ended June 30, 2022	$ 5,384

	June 30, 2022
Right-of-use assets obtained during the six months ended June 30, 2022 in exchange for new operating lease liabilities	$ 7,961
Weighted average remaining lease term	4.41 years
Weighted average discount rate	10 %

Maturities of lease liabilities:	June 30, 2022
2022	$ 4,797
2023	9,046
2024	7,758
2025	5,735
2026	4,548
Thereafter	4,391
Total lease payments	36,275
Less imputed interest	(7,053)
Lease liabilities	$ 29,222

18. Subsequent events

In the third quarter 2022, the Company committed to an additional workforce reduction plan (the “Additional Reduction Plan”) to improve cost efficiency and align with strategic investments in the Doma Intelligence platform.

The Additional Reduction Plan includes the elimination of approximately 251 positions across the Company, or approximately 13% of the Company’s current workforce. The Company estimates that it will incur approximately $2.6 million in charges in connection with the Additional Reduction Plan, including cash expenditures for employee benefits, severance payments, payroll taxes and related facilitation costs offset by forfeitures of bonus and stock-based compensation. The Company expects the execution of the Additional Reduction Plan, including cash payments, will be substantially complete in the third quarter of 2022.

In the preparation of the accompanying condensed consolidated financial statements, the Company has evaluated all material subsequent events or transactions that occurred after the balance sheet date through the date on which the financial statements were issued for potential recognition or disclosure in the Company's financial statements, noting no subsequent events or transactions that require disclosure, aside from those previously discussed.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations of Doma should be read together with the unaudited condensed consolidated financial statements as of June 30, 2022 and 2021 and for the three and six months ended June 30, 2022 and 2021, together with the related notes thereto, contained in this Quarterly Report on Form 10-Q ("Quarterly Report"), as well as the audited consolidated financial statements as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, together with related notes thereto, contained in our annual report on Form 10-K for the year ended December 31, 2021 (the "Annual Report"). This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties and should be read in conjunction with the disclosures and information contained in "Cautionary Note Regarding Forward-Looking Statements" in the Annual Report. Our actual results may differ materially from those projected in these forward-looking statements as a result of various factors, including those set forth under Part I, Item 1A "Risk Factors" or in other parts of the Annual Report. Certain amounts may not foot due to rounding. All forward-looking statements in this Quarterly Report are based on information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statements to reflect future events or circumstances, except as required by law.

Unless the context otherwise requires, references to "company," "Company," "Doma," "we," "us," "our" and similar terms refer to Doma Holdings, Inc. (f/k/a Capitol Investment Corp. V) and its consolidated subsidiaries. References to "Capitol" refer to our predecessor company prior to the consummation of the Business Combination. References to "Old Doma" refer to Old Doma prior to the Business Combination and to States Title Holding, Inc. ("States Title"), the wholly owned subsidiary of Doma, upon the consummation of the Business Combination.

Overview

Doma was founded in 2016 to focus top-tier data scientists, product managers, and engineers on building game-changing technology to completely reimagine the residential real estate closing process. We founded Doma to create a home ownership process for today's consumers who expect instant, digital experiences. Our approach to the title and escrow process is driven by our innovative full stack platform, Doma Intelligence. The Doma Intelligence platform is the result of significant investment in research and development over more than five years across a team of more than 100 data scientists and engineers. It creates a revolutionary new end-to-end real estate closing platform that seeks to eliminate all of the latent, manual tasks involved in underwriting title insurance, performing core escrow functions, generating closing documentation and getting documents signed and recorded. The platform harnesses the power of data analytics, machine learning and natural language processing, which will enable us to deliver a more affordable and faster closing transaction with a seamless customer experience at every point in the process. Doma's machine intelligence algorithms are being trained and optimized on 30 years of historical anonymized closing transaction data allowing us to make underwriting decisions in less than a minute and significantly reduce the time, effort and cost of facilitating the entire closing process.

Our Business Model

Today, we primarily originate, underwrite, and provide title, escrow and settlement services for the two most prevalent transaction types in the residential real estate market: purchase and refinance transactions. We operate and report our business through two complementary reporting segments, Distribution and Underwriting. See "—*Basis of Presentation*" below.

Our Distribution segment reflects the sale of our products and services, other than underwriting and insurance services reflected in our Underwriting segment, that we provide through our captive title agents and agencies ("Direct Agents"). We market our products and services through two channels to appeal to our referral partners and ultimately reach our customers, the individuals purchasing a new home or refinancing their existing mortgage:

- **Doma Enterprise** – we target partnerships with national lenders and mortgage originators that maintain centralized lending operations. Once a partnership has been established, we integrate our Doma Intelligence platform with the partner's loan production systems, to enable frictionless order origination and fulfillment. Substantially all Doma Enterprise orders are underwritten by Doma.

- **Local Markets ("Local")** – we target partnerships with realtors, attorneys and non-centralized loan originators via a 111-branch footprint across ten states as of June 30, 2022. For the quarter ended June 30, 2022, approximately 90% of our lender and owner policies from our Local channel were underwritten by Doma, while the remaining share was underwritten by third-party underwriters.

Our Underwriting segment reflects the sale of our underwriting and insurance services. These services are integrated with our Direct Agents channel and other non-captive title and escrow agents in the market ("Third-Party Agents") through our captive title insurance carrier. For customers sourced through the Third-Party Agents channel, we retain a portion of the title premium (approximately 16% - 18%) in exchange for underwriting risk to our balance sheet. The Third-Party Agents channel includes the title underwriting and insurance services we provide to Lennar, a related party, for its home builder transactions.

The financial results of our Direct Agents channel impact both our Distribution and Underwriting reporting segments, whereas the results from the Third-Party Agents channel impact only the Underwriting reporting segment.

Our expenses generally consist of direct fulfillment expenses related to closing a transaction and insuring the risk, customer acquisition costs related to acquiring new business, and other operating expenses as described below:

- **Direct fulfillment expenses** – comprised of direct labor and direct non-labor expenses. Direct labor expenses refer to payroll costs associated with employees who directly contribute to the opening and closing of an order. Some examples of direct labor expenses include title and escrow services, closing services, and customer service. Direct non-labor expenses refer to non-payroll expenses that are closely linked with order volume, such as provision for claims, title examination expense, office supplies, and premium and other related taxes.

- **Customer acquisition costs** – this category is comprised of sales payroll, sales commissions, customer success payroll, sales-related travel and entertainment, and an allocated portion of corporate marketing

- **Other operating expenses** – all other expenses that do not directly contribute to the fulfillment or acquisition of an order or policy are considered other operating expenses. This category is predominately comprised of research and development costs, corporate support expenses, occupancy, and other general and administrative expenses

We expect to continue to invest in our Doma Intelligence platform as well as organic and inorganic growth opportunities in order to remain competitive with existing large-scale industry incumbents who are well financed and have significant resources to defend their existing market positions. Over time, we plan to use our cash flows to invest in customer acquisition, research and development, and new product offerings, to further improve revenue growth and accelerate the elimination of the friction and expense of closing a residential real estate transaction.

Basis of Presentation

We report results for our two operating segments:

- **Distribution** – our Distribution segment reflects our Direct Agents operations of acquiring customer orders and providing title and escrow services for real estate closing transactions. We acquire customers through our Local and Doma Enterprise customer referral channels.

- **Underwriting** – our Underwriting segment reflects the results of our title insurance underwriting business, including policies referred through our Direct Agents and Third-Party Agents channels. The referring agents retain approximately 82% - 84% of the policy premiums in exchange for their services. The retention rate varies by state and agent.

Costs are allocated to the segments to arrive at adjusted gross profit, our segment measure of profit and loss. Our accounting policies for segments are the same as those applied to our consolidated financial statements, as described below under "*—Key Components of Revenues and Expenses.*" Inter-segment revenues and expenses are eliminated in consolidation. See Note 7 in our condensed consolidated financial statements for a summary of our segment results and a reconciliation between segment adjusted gross profit and our consolidated loss before income taxes.

Significant Events and Transactions

The Business Combination

On the Closing Date, Capitol consummated the Business Combination with Old Doma, pursuant to the Agreement. In connection with the closing of the Business Combination, Old Doma changed its name to States Title Holding, Inc., Capitol changed its name to Doma Holdings, Inc. ("Doma") and Old Doma became a wholly owned subsidiary of Doma. Doma continues the existing business operations of Old Doma as a publicly traded company. Refer to Note 3 to the condensed consolidated financial statements for additional details on the Business Combination.

As a result of the Business Combination, we became the operating successor to an SEC-registered and New York Stock Exchange-listed shell company. Becoming a public company has required us to hire additional personnel and implement procedures and processes to address public company regulatory requirements and practices. Also, we have incurred additional annual expenses as a public company for, among other things, directors' and officers' liability insurance, director fees, and additional internal and external accounting, legal, and administrative resources.

Impact of COVID-19 and Related Macroeconomic Trends

COVID-19 has resulted in significant macroeconomic impacts, market disruptions, and volatility in the real estate market. The on-going macroeconomic trends impacting the residential real estate market include a shortage in the supply of homes for sale, increasing home prices, rising mortgage interest rates, inflation, disrupted labor markets and geopolitical uncertainties associated with the war in Ukraine.

We operate in the real estate industry and our business volumes are directly impacted by market trends for mortgage refinancing transactions, existing real estate purchase transactions, and new real estate purchase transactions, particularly in the residential segment of the market. Our success depends on a high volume of residential and, to a lesser extent, commercial real estate transactions, throughout the markets in which we operate. Responses to the COVID-19 pandemic initially led to a material decline in purchase transactions. Subsequent U.S. federal stimulus measures in 2021, including interest rate reductions by the Federal Reserve, and local regulatory initiatives, such as permitting remote notarization, led to a quick recovery for the real estate industry and resulted in an increase in mortgage refinancing and purchase volumes, which we believe benefited our business model.

Through the first half of 2022, to combat inflation, the Federal Reserve has raised the benchmark interest rate by a total of 150 basis points, including a 75 basis point raise in June of 2022 which was the largest single increase since 1994. The Federal Reserve again raised the benchmark interest rate in July of 2022 by an additional 75 basis points. Average interest rates for a 30-year fixed rate mortgage rose to 5.5% as of June 2022 as compared to 3.0% for the corresponding period of 2021. As interest rates rise, the outlook on refinance transactions continues to decline.

Demand for mortgages tends to correlate closely with changes in interest rates, meaning that our order trends are likely to be impacted by future changes in interest rates. However, we believe that our current, low market share and disruptive approach to title insurance, escrow, and closing services will enable us to gain market share, which in turn should mitigate the risk to our revenue growth trends relative to industry incumbents.

We continue to monitor economic and regulatory developments closely as we navigate the volatility and uncertainty created by the pandemic and the subsequent macroeconomic activity.

Workforce Reduction

In the second quarter of 2022, the Company executed a workforce reduction (the "Reduction") to improve cost efficiency and align with strategic investments in the Doma Intelligence platform. The Reduction included the elimination of approximately 15% of the Company's then current workforce. The Company has incurred $3.8 million in charges in connection with the Reduction, including cash expenditures for employee benefits, severance payments, payroll taxes and related facilitation costs offset by forfeitures of bonus. In addition, the Company received a benefit from forfeitures of stock-based compensation of $0.5 million. The Company is substantially complete with this reduction as of June 30, 2022.

New York Stock Exchange Notice on Continued Listing Standards

On August 1, 2022, we received notice from the New York Stock Exchange (the “NYSE”) that we were no longer in compliance with the NYSE continued listing standards, set forth in Section 802.01C of the NYSE’s Listed Company Manual (“Section 802.01C”) because the average closing price of the Company’s common stock was less than $1.00 per share over a consecutive 30 trading-day period. Pursuant to Section 802.01C, the Company has a period of six months following the receipt of the notice to regain compliance with the minimum share price requirement. The Company may regain compliance at any time during the six-month cure period if on the last trading day of any calendar month during the cure period the common stock has a closing share price of at least $1.00 and an average closing share price of at least $1.00 over the 30 trading-day period ending on the last trading day of that month. If the Company is unable to regain compliance with the $1.00 share price rule within this period, the NYSE will initiate procedures to suspend and delist the common stock. Section 802.01C also provides for an exception to the six-month cure period if the action required to cure the price condition requires stockholder approval, as would be the case to effectuate a reverse stock split, in which case the action needs to be approved by no later than the Company’s next annual stockholder’s meeting, and the price condition will be deemed cured if the price of the common stock promptly exceeds $1.00 per share and the price remains above that level for at least the following 30 trading days.

The Company intends to cure the deficiency within a period permissible under Section 802.01C. However, there can be no assurances that the Company will meet continued listing standards within the specified cure period. We are diligently working to evidence compliance with the minimum price requirement for continued listing on the NYSE. The notification has no immediate effect on the listing of our common stock on the NYSE. We intend to monitor the closing price of our common stock and consider our available options in the event the closing price of our common stock remains below $1.00 per share.

Key Operating and Financial Indicators

We regularly review several key operating and financial indicators to evaluate our performance and trends and inform management's budgets, financial projections and strategic decisions.

The following table presents our key operating and financial indicators, as well as the relevant generally accepted accounting principles ("GAAP") measures, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands, except for open and closed order numbers)			
Key operating data:				
Opened orders	25,231	41,491	60,423	82,575
Closed orders	18,799	31,436	46,146	64,086
GAAP financial data:				
Revenue [1]	$ 123,744	$ 129,986	$ 235,951	$ 257,782
Gross profit [2]	$ 7,143	$ 26,514	$ 14,277	$ 52,930
Net loss	$ (58,652)	$ (23,299)	$ (108,678)	$ (35,057)
Non-GAAP financial data [3]:				
Retained premiums and fees	$ 49,106	$ 64,805	$ 100,711	$ 122,263
Adjusted gross profit	$ 10,890	$ 29,535	$ 21,260	$ 58,657
Ratio of adjusted gross profit to retained premiums and fees	22 %	46 %	21 %	48 %
Adjusted EBITDA	$ (43,390)	$ (11,903)	$ (88,295)	$ (15,182)

(1) Revenue is comprised of (i) net premiums written, (ii) escrow, other title-related fees and other, and (iii) investment, dividend and other income. Net loss is made up of the components of revenue and expenses. For more information about measures appearing in our consolidated income statements, refer to "*—Key Components of Revenue and Expenses—Revenue*" below.

(2) Gross profit, calculated in accordance with GAAP, is calculated as total revenue, minus premiums retained by Third-Party Agents, direct labor expense (including mainly personnel expense for certain employees involved in the direct fulfillment of policies) and direct non-labor expense (including mainly title examination expense, provision for claims, and depreciation and amortization). In our consolidated income statements, depreciation and amortization is recorded under the "other operating expenses" caption.

(3) Retained premiums and fees, adjusted gross profit and adjusted EBITDA are non-GAAP financial measures. Refer to "*—Non-GAAP Financial Measures*" below for additional information and reconciliations of these measures to the most closely comparable GAAP financial measures.

Opened and closed orders

Opened orders represent the number of orders placed for title insurance and/or escrow services (which includes the disbursement of funds, signing of documents and recording of the transaction with the county office) through our Direct Agents, typically in connection with a home purchase or mortgage refinancing transaction. An order may be opened upon an indication of interest in a specific property from a customer and may be cancelled by the customer before or after the signing of a purchase or loan agreement. Closed orders represent the number of opened orders for title insurance and/or escrow services that were successfully fulfilled in each period with the issuance of a title insurance policy and/or provision of escrow services. Opened and closed orders do not include orders or referrals for title insurance from our Third-Party Agents. A closed order for a home purchase transaction typically results in the issuance of two title insurance policies, whereas a refinance transaction typically results in the issuance of one title insurance policy.

We review opened orders as a leading indicator of our Direct Agents revenue pipeline and closed orders as a direct indicator of Direct Agents revenue for the concurrent period, and believe these measures are useful to investors for the same reasons. We believe that the relationship between opened and closed orders will remain relatively consistent over time, and that opened order growth is generally a reliable indicator of future financial performance. However, degradation in the ratio of opened orders to closed orders may be a leading indicator of adverse macroeconomic or real estate market trends.

Retained premiums and fees

Retained premiums and fees, a non-GAAP financial measure, is defined as total revenue under GAAP minus premiums retained by Third-Party Agents. See "—*Non-GAAP Financial Measures*" below for a reconciliation of our retained premiums and fees to gross profit, the most closely comparable GAAP measure, and additional information about the limitations of our non-GAAP measures.

Our business strategy is focused on leveraging our Doma Intelligence platform to provide an overall improved customer and referral partner experience and to drive time and expense efficiencies principally in our Direct Agents channel. In our Third-Party Agents channel in contrast, we provide our underwriting expertise and balance sheet to insure the risk on policies referred by such Third-Party Agents and, for that service, we typically receive approximately 16% - 18% of the premium for the policy we underwrite. As such, we use retained premiums and fees, which is net of the impact of premiums retained by Third-Party Agents, as an important measure of the earning power of our business and our future growth trends, and believe it is useful to investors for the same reasons.

Adjusted gross profit

Adjusted gross profit, a non-GAAP financial measure, is defined as gross profit (loss) under GAAP, adjusted to exclude the impact of depreciation and amortization. See "—*Non-GAAP Financial Measures*" below for a reconciliation of our adjusted gross profit to gross profit, the most closely comparable GAAP measure and additional information about the limitations of our non-GAAP measures.

Management views adjusted gross profit as an important indicator of our underlying profitability and efficiency. As we generate more business that is serviced through our Doma Intelligence platform, we expect to reduce fulfillment costs as our direct labor expense per order continues to decline, and we expect the adjusted gross profit per transaction to grow faster than retained premiums and fees per transaction over the long term.

Ratio of adjusted gross profit to retained premiums and fees

The ratio of adjusted gross profit to retained premiums and fees, a non-GAAP measure, expressed as a percentage, is calculated by dividing adjusted gross profit by retained premiums and fees. Both the numerator and denominator are net of the impact of premiums retained by Third-Party Agents because that is a cost related to our Underwriting segment over which we have limited control, as Third-Party Agents customarily retain approximately 82% - 84% of the premiums related to a title insurance policy referral pursuant to the terms of long-term contracts.

We view the ratio of adjusted gross profit to retained premiums and fees as an important indicator of our operating efficiency and the impact of our machine-learning capabilities, and believe it is useful to investors for the same reasons.

We expect improvement to our ratio of adjusted gross profit to retained premiums and fees over the long term, reflecting the continued reduction in our average fulfillment costs per order.

Adjusted EBITDA

Adjusted EBITDA, a non-GAAP financial measure, is defined as net income (loss) before interest, income taxes and depreciation and amortization, and further adjusted to exclude the impact of stock-based compensation, severance costs, and the change in fair value of Warrant and Sponsor Covered Shares liabilities. See "—*Non-GAAP Financial Measures*" below for a reconciliation of our adjusted EBITDA to net loss, the most closely comparable GAAP measure and additional information about the limitations of our non-GAAP measures.

We review adjusted EBITDA as an important measure of our recurring and underlying financial performance, and believe it is useful to investors for the same reason.

Key Components of Revenues and Expenses

Revenues

Net premiums written

We generate net premiums by underwriting title insurance policies and recognize premiums in full upon the closing of the underlying transaction. For some of our Third-Party Agents, we also accrue premium revenue for title insurance policies we estimate to have been issued in the current period but reported to us by the Third-Party Agent in a subsequent period. See "—*Critical Accounting Policies and Estimates— Accrued net premiums written from Third-Party Agent referrals*" below for further explanation of this accrual. For the three and six months ended June 30, 2022 and 2021, the average time lag between the issuing of these policies by our Third-Party Agents and the reporting of these policies or premiums to us has been approximately three months. Net premiums written is inclusive of the portion of premiums retained by Third-Party Agents, which is recorded as an expense, as described below.

To reduce the risk associated with our underwritten insurance policies, we utilize reinsurance programs to limit our maximum loss exposure. Under our reinsurance treaties, we cede the premiums on the underlying policies in exchange for a ceding commission from the reinsurer and our net premiums written exclude such ceded premiums.

Our principal reinsurance quota share agreement covers instantly underwritten policies from refinance and home equity line of credit transactions under which we historically ceded 100% of the written premium of each covered policy from January 1, 2021 through February 23, 2021. Pursuant to a renewed agreement, which became effective on February 24, 2021, we cede only 25% of the written premium on such instantly underwritten policies up to a total reinsurance coverage limit of $80.0 million in premiums reinsured, after which we retain 100% of the written premium on instantly underwritten policies. This reduction in ceding percentage has resulted in higher net premiums written per transaction when compared to prior period results. Refer to Note 2 to the condensed consolidated financial statements above for additional details on our reinsurance treaties.

Escrow, other title-related fees and other

Escrow fees and other title-related fees are charged for managing the closing of real estate transactions, including the processing of funds on behalf of the transaction participants, gathering and recording the required closing documents, providing notary services, and other real estate or title-related activities. Other fees relate to various ancillary services we provide, including fees for rendering a cashier's check, document preparation fees, homeowner's association letter fees, inspection fees, lien letter fees and wire fees. We also recognize ceding commissions received in connection with reinsurance treaties, to the extent the amount of such ceding commissions exceeds reinsurance-related costs.

This revenue item is most directly associated with our Distribution segment. For segment-level reporting, agent premiums retained by our Distribution segment are recorded as revenue under the "escrow, other title-related fees and other" caption of our segment income statements, while our Underwriting segment records a corresponding expense for insurance policies issued by us. The impact of these internal transactions is eliminated upon consolidation.

Investment, dividends and other income

Investment, dividends and other income are mainly generated from our investment portfolio. We primarily invest in fixed income securities, mainly composed of corporate debt obligations, certificates of deposit, U.S. Treasuries and mortgage loans.

Expenses

Premiums retained by Third-Party Agents

When customers are referred to us and we underwrite a policy, the referring Third-Party Agent retains a significant portion of the premium, which typically amounts to approximately 82% - 84% of the premium. The portion of premiums retained by Third-Party Agents is recorded as an expense. These referral expenses relate exclusively to our Underwriting segment. As we continue to grow our Direct Agents channel relative to our Third-Party Agents channel, we expect that premiums retained by Third-Party Agents will decline as a percentage of revenue over time.

For segment-level reporting, premiums retained by our Direct Agents (which are recorded as Distribution segment revenue) are recorded as part of "premiums retained by agents" expense for our Underwriting segment. The impact of these internal transactions is eliminated upon consolidation.

Title examination expense

Title examination expense is incurred in connection with the search and examination of public information prior to the issuance of title insurance policies.

Provision for claims

Provision for claims expense is comprised of three components: IBNR losses, known claims loss and loss adjustment expenses and escrow-related losses.

IBNR is a loss reserve that primarily reflects the sum of expected losses for unreported claims. The expense is calculated by applying a rate (the loss provision rate) to total title insurance premiums. The loss provision rate is determined throughout the year based in part upon an assessment performed by an independent actuarial firm utilizing generally accepted actuarial methods. The assessment also takes account of industry trends, the regulatory environment and geographic considerations and is updated during the year based on developments. This loss provision rate is set to provide for losses on current year policies. Due to our long claim exposure, our provision for claims periodically includes amounts of adverse or positive claims development on policies issued in prior years, when claims on such policies are higher or lower than initially expected.

Based on the risk profile of premium vintages over time and based upon the projections of an independent actuarial firm, we build or release reserves related to our older policies. Our IBNR may increase as a proportion of our revenue as we continue to increase the proportion of our business serviced through our Doma Intelligence platform, though we believe it will decrease over the long term as our predictive machine intelligence technology produces improved results.

Known claims loss and loss adjustment expense reserves is an expense that reflects the best estimate of the remaining cost to resolve a claim, based on the information available at the time. In practice, most claims do not settle for the initial known claims provision; rather, as new information is developed during the course of claims administration, the initial estimates are revised, sometimes downward and sometimes upward. This additional development is provided for in the actuarial projection of IBNR, but it is not allocable to specific claims. Actual costs that are incurred in the claims administration are booked to loss adjustment expense, which is primarily comprised of legal expenses associated with investigating and settling a claim.

Escrow-related losses are primarily attributable to clerical errors that arise during the escrow process and caused by the settlement agent. As the proportion of our orders processed through our Doma Intelligence platform continues to increase, we expect escrow-related losses to decline over time.

Personnel costs

Personnel costs include base salaries, employee benefits, bonuses paid to employees, payroll taxes and severance. This expense is primarily driven by the average number of employees and our hiring activities in a given period.

In our presentation and reconciliation of segment results and our calculation of gross profit, we classify personnel costs as either direct or indirect expenses, reflecting the activities performed by each employee. Direct personnel costs relate to employees whose job function is directly related to our fulfillment activities, including underwriters, closing agents, escrow agents, funding agents, and title and curative agents, and are included in the calculation of our segment adjusted gross profit. Indirect personnel costs relate to employees whose roles do not directly support our transaction fulfillment activities, including sales agents, training specialists and customer success agents, segment management, research and development and other information technology personnel, and corporate support staff.

Other operating expenses

Other operating expenses are comprised of occupancy, maintenance and utilities, product taxes (for example, state taxes on premiums written), professional fees (including legal, audit and other third-party consulting costs), software licenses and sales tools, travel and entertainment costs, and depreciation and amortization, among other costs.

Change in fair value of Warrant and Sponsor Covered Shares liabilities

Change in fair value of Warrant and Sponsor Covered Shares liabilities consists of unrealized gains and losses as a result of recording our Warrants and Sponsor Covered Shares to fair value at the end of each reporting period.

Income tax expense

Although we are in a consolidated net loss position and report our federal income taxes as a consolidated tax group, we incur state income taxes in certain jurisdictions where we have profitable operations. Additionally, we incur mandatory minimum state income taxes in certain jurisdictions. Also, we have recognized deferred tax assets but have offset them with a full valuation allowance, reflecting substantial uncertainty as to their recoverability in future periods. Until we report at least three years of profitability, we may not be able to realize the tax benefits of these deferred tax assets.

Results of Operations

We discuss our historical results of operations below, on a consolidated basis and by segment. Past financial results are not indicative of future results.

Three and Six Months Ended June 30, 2022 Compared to the Three and Six Months Ended June 30, 2021

The following table sets forth a summary of our consolidated results of operations for the periods indicated, and the changes between periods.

	Three Months Ended June 30,			
	2022	2021	$ Change	% Change
	(in thousands, except percentages)			
Revenues:				
Net premiums written	$ 108,926	$ 109,271	$ (345)	— %
Escrow, other title-related fees and other	14,366	20,065	(5,699)	(28)%
Investment, dividend and other income	452	650	(198)	(30)%
Total revenues	$ 123,744	$ 129,986	$ (6,242)	(5)%
Expenses:				
Premiums retained by Third-Party Agents	$ 74,638	$ 65,181	$ 9,457	15 %
Title examination expense	5,146	5,500	(354)	(6)%
Provision for claims	6,310	6,807	(497)	(7)%
Personnel costs	73,233	53,954	19,279	36 %
Other operating expenses	23,637	17,181	6,456	38 %
Total operating expenses	$ 182,964	$ 148,623	$ 34,341	23 %
Loss from operations	(59,220)	(18,637)	(40,583)	218 %
Other (expense) income:				
Change in fair value of Warrant and Sponsor Covered Shares liabilities	5,193	—	5,193	*
Interest expense	(4,489)	(4,451)	(38)	1 %
Loss before income taxes	(58,516)	(23,088)	(35,428)	153 %
Income tax expense	(136)	(211)	75	(36)%
Net loss	$ (58,652)	$ (23,299)	$ (35,353)	152 %

* = Not presented as prior period amount is zero

	Six Months Ended June 30,			
	2022	2021	$ Change	% Change
	(in thousands, except percentages)			
Revenues:				
Net premiums written	$ 204,592	$ 217,263	$ (12,671)	(6)%
Escrow, other title-related fees and other	30,479	38,640	(8,161)	(21)%
Investment, dividend and other income	880	1,879	(999)	(53)%
Total revenues	$ 235,951	$ 257,782	$ (21,831)	(8)%
Expenses:				
Premiums retained by Third-Party Agents	$ 135,240	$ 135,519	$ (279)	— %
Title examination expense	11,127	10,353	774	7 %
Provision for claims	10,921	10,055	866	9 %
Personnel costs	151,026	97,419	53,607	55 %
Other operating expenses	46,391	31,347	15,044	48 %
Total operating expenses	$ 354,705	$ 284,693	$ 70,012	25 %
Loss from operations	(118,754)	(26,911)	(91,843)	341 %
Other (expense) income:				
Change in fair value of Warrant and Sponsor Covered Shares liabilities	19,093	—	19,093	*
Interest expense	(8,696)	(7,810)	(886)	11 %
Loss before income taxes	(108,357)	(34,721)	(73,636)	212 %
Income tax expense	$ (321)	$ (336)	$ 15	(4)%
Net loss	$ (108,678)	$ (35,057)	$ (73,621)	210 %

* = Not presented as prior period amount is zero

Revenue

Net premiums written. Net premiums written decreased by $0.3 million, or 0%, in the three months ended June 30, 2022 compared to the same period in the prior year, driven by a 38% decrease in premiums from our Direct Agents channel offset by a 15% increase in premiums from our Third-Party Agents channel. Net premiums written decreased by $12.7 million, or 6%, in the six months ended June 30, 2022 compared to the same period in the prior year, driven by a 24% decrease in premiums from our Direct Agents channel and flat premium growth from our Third-Party Agents channel.

For the three and six months ended June 30, 2022, Direct Agents premium decline was driven by closed order decline of 40% and 28%, respectively. For the three month period ended June 30, 2022, the increase in premiums from our Third-Party Agents channel was driven by an overall increase in premiums associated with new home buildings that closed during the period.

Escrow, other title-related fees and other. Escrow, other title-related fees and other decreased $5.7 million, or 28%, in the three months ended June 30, 2022 compared to the same periods in the prior year, driven by the corresponding closed order decline of 40%. The decline in closed order activity was partially offset by higher average escrow fees per direct order of 20% during the same period resulting from a higher mix of purchase orders. Escrow, other title-related fees and other decreased $8.2 million, or 21%, in the six months ended June 30, 2022 compared to the same periods in the prior year, driven by the corresponding closed order decline of 28%. The decline in closed order activity was partially offset by higher average escrow fees per order of 10% during the same period resulting from a higher mix of purchase orders.

Investment, dividend and other income. Investment, dividend and other income decreased $1.0 million or 53% in the six months ended June 30, 2022 compared to the same period in the prior year, primarily due to one-time realized gains on investments from portfolio rebalancing during the six months ended June 30, 2021.

Expenses

Premiums retained by Third-Party Agents. Premiums retained by Third-Party Agents increased by $9.5 million, or 15%, in the three months ended June 30, 2022 and remained flat for the six months ended June 30, 2022 compared to the same periods in the prior year. These movements were driven principally by premium growth in our Third-Party Agents channel. There was no material change in the average commissions paid to our Third-Party Agents.

Title examination expense. Title examination expense decreased by $0.4 million, or 6%, in the three months ended June 30, 2022 compared to the same period in the prior year, due to the corresponding declines in order volumes. Offsetting these declines was an increase in geography-specific closing costs and fixed expenses incurred to support fulfillment, including software license fees and title plant maintenance expenses. In the six months ended June 30, 2022, title examination expense increased $0.8 million, or 7%, compared to the same periods in the prior year, due to the closing costs and fixed expenses previously described.

Provision for claims. Provision for claims decreased by $0.5 million, or 7%, in the three months ended June 30, 2022 compared to the same period in the prior year primarily due to a reduction in the current period provision for claims accrual percentage used within each respective period. The provision for claims in total, expressed as a percentage of net premiums written, was 5.8% and 6.2% for the three months ended June 30, 2022 and 2021, respectively.

Provision for claims increased by $0.9 million, or 9%, in the six months ended June 30, 2022 compared to the same period in the prior year primarily due to a decrease in reserve releases for claims incurred from prior year business. For the six months ended June 30, 2022 reserve releases related to prior year policies were $2.1 million compared to $4.5 million for the corresponding period in the prior year. This was offset by a reduction in the provision for claims related to the current year due to the corresponding decrease in premiums written. The provision for claims, expressed as a percentage of net premiums written, was 5.3% and 4.6% for the six months ended June 30, 2022 and 2021, respectively. The reported loss emergence on policies issued in prior years was lower than expected.

Personnel costs. Personnel costs increased by $19.3 million, or 36%, in the three months ended June 30, 2022 and by $53.6 million, or 55%, in the six months ended June 30, 2022 compared to the same periods in the prior year, due to investments in direct labor and customer acquisition, investments in research and development, the expansion of our corporate support functions to operate as a public company, and an increase in operations and management staff supporting the Direct Agents channel as the organization invests in driving growth of Doma Intelligence-enabled purchase closings.

Other operating expenses. Other operating expenses increased by $6.5 million, or 38%, in the three months ended June 30, 2022 and by $15.0 million, or 48%, in the six months ended June 30, 2022 compared to the same periods in the prior year, driven by higher corporate support expenses to operate as a public company such as improved operating systems and human resources services, higher expenses to support revenue growth such as hardware and software purchases and travel and entertainment spend, higher amortization expenses related to investments in the development of our Doma Intelligence platform, higher insurance costs, higher occupancy costs and a higher premium tax rate.

Change in fair value of Warrant and Sponsor Covered Shares liabilities. The change in fair value of Warrant and Sponsor Covered Shares liabilities (as defined in Note 2) increased by $5.2 million in the three months ended June 30, 2022 and by $19.1 million in the six months ended June 30, 2022 compared to the same periods in the prior year due to the addition of these liabilities from the Business Combination in the third quarter of 2021.

Interest expense. Interest expense remained flat in the three months ended June 30, 2022 as there was no material change in the debt structure between those periods. Interest expense increased by $0.9 million, or 11%, in the six months ended June 30, 2022 compared to the same period in the prior year, due to a higher amount of debt outstanding, which is a result of the paid in kind interest expense on the $150.0 million Senior Debt facility that was funded during the first quarter of 2021.

Supplemental Segment Results Discussion – Three and Six Months Ended June 30, 2022 Compared to the Three and Six Months Ended June 30, 2021

The following table sets forth a summary of the results of operations for our Distribution and Underwriting segments for the years indicated. See "—*Basis of Presentation*" above.

	Three Months Ended June 30, 2022				Three Months Ended June 30, 2021			
	Distribution	Underwriting	Eliminations	Consolidated	Distribution	Underwriting	Eliminations	Consolidated
	(in thousands)							
Net premiums written	$ —	$ 108,926	$ —	$ 108,926	$ —	$ 109,381	$ (110)	$ 109,271
Escrow, other title-related fees and other [1]	30,013	535	(16,182)	14,366	46,288	389	(26,612)	20,065
Investment, dividend and other income	(33)	485	—	452	37	613	—	650
Total revenue	$ 29,980	$ 109,946	$ (16,182)	$ 123,744	$ 46,325	$ 110,383	$ (26,722)	$ 129,986
Premiums retained by agents [2]	—	90,820	(16,182)	74,638	—	91,903	(26,722)	65,181
Direct labor [3]	21,091	2,799	—	23,890	18,986	1,916	—	20,902
Other direct costs [4]	5,374	2,642	—	8,016	5,881	1,680	—	7,561
Provision for claims	1,257	5,053	—	6,310	(25)	6,832	—	6,807
Adjusted gross profit [5]	$ 2,258	$ 8,632	$ —	$ 10,890	$ 21,483	$ 8,052	$ —	$ 29,535

	Six Months Ended June 30, 2022				Six Months Ended June 30, 2021			
	Distribution	Underwriting	Eliminations	Consolidated	Distribution	Underwriting	Eliminations	Consolidated
	(in thousands)							
Net premiums written	$ —	$ 204,592	$ —	$ 204,592	$ —	$ 218,143	$ (880)	$ 217,263
Escrow, other title-related fees and other [1]	64,293	1,338	(35,152)	30,479	83,933	1,798	(47,091)	38,640
Investment, dividend and other income	(19)	899	—	880	83	1,796	—	1,879
Total revenue	$ 64,274	$ 206,829	$ (35,152)	$ 235,951	$ 84,016	$ 221,737	$ (47,971)	$ 257,782
Premiums retained by agents [2]	—	170,392	(35,152)	135,240	—	183,490	(47,971)	135,519
Direct labor [3]	46,644	5,044	—	51,688	35,093	3,788	—	38,881
Other direct costs [4]	11,433	5,409	—	16,842	11,197	3,473	—	14,670
Provision for claims	1,856	9,065	—	10,921	534	9,521	—	10,055
Adjusted gross profit [5]	$ 4,341	$ 16,919	$ —	$ 21,260	$ 37,192	$ 21,465	$ —	$ 58,657

(1) Includes fee income from closings, escrow, title exams, ceding commission income, as well as premiums retained by Direct Agents.
(2) This expense represents a deduction from the net premiums written for the amounts that are retained by Direct Agents and Third-Party Agents as compensation for their efforts to generate premium income for our Underwriting segment. The impact of premiums retained by our Direct Agents and the expense for reinsurance or co-insurance procured on Direct Agent sourced premiums are eliminated in consolidation.
(3) Includes all compensation costs, including salaries, bonuses, incentive payments, and benefits, for personnel involved in the direct fulfillment of title and/or escrow services. Direct labor excludes severance costs.
(4) Includes title examination expense, office supplies, and premium and other taxes.
(5) See "—*Non-GAAP Financial Measures—Adjusted gross profit*" below for a reconciliation of consolidated adjusted gross profit, which is a non-GAAP measure, to our gross profit, the most closely comparable GAAP financial measure.

Distribution segment revenue decreased by $16.3 million, or 35%, and $19.7 million, or 23%, for three and six months ended June 30, 2022, respectively, compared to the same period in the prior year driven by the closed order decline discussed above. For the three and six months ended June 30, 2022, higher average escrow revenue per order in both periods offset the decrease in Distribution segment revenue from fewer closed orders.

Underwriting segment revenue decreased by $0.4 million, or 0%, and $14.9 million, or 7%, for the three and six months ended June 30, 2022, respectively, as compared to the same period in the prior year, reflecting the reduction in title policies underwritten from Direct Agents as a result of current market conditions.

Distribution segment adjusted gross profit decreased by $19.2 million, or 89%, and $32.9 million, or 88%, for the three and six months ended June 30, 2022, respectively, compared to the same period in the prior year, driven by closed order decline, a higher mix of Doma Enterprise closed orders, which carry a lower price point as compared to the Local channel, and investments in fulfillment infrastructure to support volume growth and migration of transactions to the Doma Intelligence platform.

Underwriting segment adjusted gross profit increased by $0.6 million, or 7%, during the three months ended June 30, 2022 compared to the same period in the prior year, due to a reduction in the provision for claims in total, expressed as a percentage of net premiums written, for the corresponding periods. Underwriting segment adjusted gross profit decreased by $4.5 million, or 21%, during the six months ended June 30, 2022 compared to the same period in the prior year, reflecting market conditions, a higher mix of premiums from our Third-Party Agent channel resulting in higher premiums retained by agents, a higher premium tax rate, and an increase in provision for title claims expenses.

Supplemental Key Operating and Financial Indicators Results Discussion – Three and Six Months Ended June 30, 2022 Compared to the Three and Six Months Ended June 30, 2021

The following table presents our key operating and financial indicators, including our non-GAAP financial measures, for the periods indicated, and the changes between periods. This discussion should be read only as a supplement to the discussion of our GAAP results above. See "*—Non-GAAP Financial Measures*" below for important information about the non-GAAP financial measures presented below and their reconciliation to the respective most closely comparable GAAP measures.

	Three Months Ended June 30,			
	2022	**2021**	**$ Change**	**% Change**
	(in thousands, except percentages and open and closed order numbers)			
Opened orders	25,231	41,491	(16,260)	(39)%
Closed orders	18,799	31,436	(12,637)	(40)%
Retained premiums and fees	$ 49,106	$ 64,805	$ (15,699)	(24)%
Adjusted gross profit	10,890	29,535	(18,645)	(63)%
Ratio of adjusted gross profit to retained premiums and fees	22 %	46 %	(24) p.p	(52)%
Adjusted EBITDA	$ (43,390)	$ (11,903)	$ (31,487)	265 %

	Six Months Ended June 30,			
	2022	2021	$ Change	% Change
	(in thousands, except percentages and open and closed order numbers)			
Opened orders	60,423	82,575	(22,152)	(27)%
Closed orders	46,146	64,086	(17,940)	(28)%
Retained premiums and fees	$ 100,711	$ 122,263	$ (21,552)	(18)%
Adjusted gross profit	21,260	58,657	(37,397)	(64)%
Ratio of adjusted gross profit to retained premiums and fees	21 %	48 %	(27) p.p	(56)%
Adjusted EBITDA	$ (88,295)	$ (15,182)	$ (73,113)	482 %

Opened and closed orders

For the three months ending June 30, 2022, we opened 25,231 orders and closed 18,799 orders, a decrease of 39% and 40%, respectively, over the same period in the prior year. For the six months ending June 30, 2022, we opened 60,423 orders and closed 46,146 orders, a decrease of 22,152 and 17,940, respectively, over the same period in the prior year. The decline in both open and closed orders in both periods is due to the rising interest rate environment and shrinking population of refinance-eligible homeowners along with the reduction in home inventories that limit overall home purchase transactions.

Closed orders decreased 19% in our Doma Enterprise channel and decreased by 51% in our Local channel for the three months ended June 30, 2022 as compared to the same period in the prior year due to the contracting refinance market and low home inventories, and further exacerbated by a decline in closed order pull-through rates as prospective transactors were impacted by rapidly rising interest rates. Closed orders increased 11% in our Doma Enterprise channel for the six months ended June 30, 2022 as compared to the same period in the prior year, due to new customer acquisitions, increased wallet share with existing customers, and an expanding geographical footprint. Closed orders decreased by 48% in our Local channel for the six months ended June 30, 2022 as compared to the same period in the prior year due to the contracting refinance market and low home inventories.

Retained premiums and fees

Retained premiums and fees decreased by $15.7 million, or 24%, and $21.6 million, or 18%, during the three and six months ended June 30, 2022, respectively, compared to the same periods in the prior year, driven by closed order reductions and title policy declines across the Direct Agent channel. Offsetting this decline was growth from the Third-Party Agent channel as retained premiums net of Third-Party Agent commission increased.

Adjusted gross profit

Adjusted gross profit decreased by $18.6 million, or 63%, and $37.4 million, or 64%, during the three and six months ended June 30, 2022, respectively, compared to the same periods in the prior year, due to the corresponding declines in retained premiums and fees in the same periods. Investments in fulfillment infrastructure to support volume growth and migration of transactions to the Doma Intelligence platform contributed to the decrease in adjusted gross profit.

Ratio of adjusted gross profit to retained premiums and fees

The ratio of adjusted gross profit to retained premiums and fees decreased 24 percentage points and 27 percentage points during the three and six months ended June 30, 2022, respectively, compared to the same periods in the prior year. The decreases are primarily due to higher direct labor expenses of $3.0 million, or 14%, and $12.8 million, or 33%, during the three and six months ended June 30, 2022, respectively, compared to the same periods in the prior year. The rise in direct labor expenses are the result of hiring fulfillment labor in advance of volume growth and the near-term inefficiencies associated with the migration of transactions to the Doma Intelligence platform. Contributing to the decrease in the ratio during the three and six months ended June 30, 2022 was a higher mix of

Doma Enterprise closed orders, which carry a lower price point as compared to the Local channel, and an increase in the premium tax rate. The increase in the provision for claims as a percentage of net written premium further decreased the ratio of adjusted gross profit to retained premiums and fees during the six month period ended June 30, 2022.

Adjusted EBITDA

Adjusted EBITDA decreased by $31.5 million to negative $43.4 million and by $73.1 million to negative $88.3 million for the three and six months ended June 30, 2022, respectively. The declines in adjusted EBITDA in each period were due to a decrease in retained premium and fees and higher operating costs from investments in corporate support functions to successfully operate as a public company, research and development, and operations and management staff to accelerate growth and transformation of our home purchase product offering on the Doma Intelligence platform.

Non-GAAP Financial Measures

The non-GAAP financial measures described in this Quarterly Report should be considered only as supplements to results prepared in accordance with GAAP and should not be considered as substitutes for GAAP results. These measures, retained premiums and fees, adjusted gross profit, and adjusted EBITDA, have not been calculated in accordance with GAAP and are therefore not necessarily indicative of our trends or profitability in accordance with GAAP. These measures exclude or otherwise adjust for certain cost items that are required by GAAP. Further, these measures may be defined and calculated differently than similarly-titled measures reported by other companies, making it difficult to compare our results with the results of other companies. We caution investors against undue reliance on our non-GAAP financial measures as a substitute for our results in accordance with GAAP.

Management uses these non-GAAP financial measures, in conjunction with GAAP financial measures to: (i) monitor and evaluate the growth and performance of our business operations; (ii) facilitate internal comparisons of the historical operating performance of our business operations; (iii) facilitate external comparisons of the results of our overall business to the historical operating performance of other companies that may have different capital structures or operating histories; (iv) review and assess the performance of our management team and other employees; and (v) prepare budgets and evaluate strategic planning decisions regarding future operating investments.

Retained premiums and fees

The following presents our retained premiums and fees and reconciles the measure to our gross profit, the most closely comparable GAAP financial measure, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Revenue	$ 123,744	$ 129,986	$ 235,951	$ 257,782
Minus:				
Premiums retained by Third-Party Agents	74,638	65,181	135,240	135,519
Retained premiums and fees	$ 49,106	$ 64,805	$ 100,711	$ 122,263
Minus:				
Direct labor	23,890	20,902	51,688	38,881
Provision for claims	6,310	6,807	10,921	10,055
Depreciation and amortization	3,747	3,021	6,983	5,727
Other direct costs (1)	8,016	7,561	16,842	14,670
Gross Profit	$ 7,143	$ 26,514	$ 14,277	$ 52,930

(1) Includes title examination expense, office supplies, and premium and other taxes.

Adjusted gross profit

The following table reconciles our adjusted gross profit to our gross profit, the most closely comparable GAAP financial measure, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Gross Profit	$ 7,143	$ 26,514	$ 14,277	$ 52,930
Adjusted for:				
Depreciation and amortization	3,747	3,021	6,983	5,727
Adjusted Gross Profit	$ 10,890	$ 29,535	$ 21,260	$ 58,657

Adjusted EBITDA

The following table reconciles our adjusted EBITDA to our net loss, the most closely comparable GAAP financial measure, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Net loss (GAAP)	$ (58,652)	$ (23,299)	$ (108,678)	$ (35,057)
Adjusted for:				
Depreciation and amortization	3,747	3,021	6,983	5,727
Interest expense	4,489	4,451	8,696	7,810
Income taxes	136	211	321	336
EBITDA	$ (50,280)	$ (15,616)	$ (92,678)	$ (21,184)
Adjusted for:				
Stock-based compensation	8,255	3,713	19,648	6,002
Severance costs	3,828	—	3,828	—
Change in fair value of Warrant and Sponsor Covered Shares liabilities	(5,193)	—	(19,093)	—
Adjusted EBITDA	$ (43,390)	$ (11,903)	$ (88,295)	$ (15,182)

Liquidity and Capital Resources

We measure liquidity in terms of our ability to fund the cash requirements of our business operations, including our working capital and capital expenditure needs and other commitments. Our recurring working capital requirements relate mainly to our cash operating costs. Our capital expenditure requirements consist mainly of software development related to our Doma Intelligence platform.

We had $229.3 million in cash and cash equivalents and restricted cash as of June 30, 2022. We believe our operating cash flows, together with our cash on hand and the cash proceeds from the Business Combination and the related private placement, will be sufficient to meet our working capital and capital expenditure requirements for a period of at least 12 months from the date of this Quarterly Report.

We may need additional cash due to changing business conditions or other developments, including unanticipated regulatory developments and competitive pressures. To the extent that our current resources are insufficient to satisfy our cash requirements, we may need to seek additional equity or debt financing.

Debt

Senior secured credit agreement

In December 2020, Old Doma entered into a loan and security agreement with Hudson Structured Capital Management Ltd. (“HSCM”), providing for a $150.0 million senior secured term loan (“Senior Debt”), which was fully funded by the lenders, which are affiliates of HSCM, at its principal face value on January 29, 2021 (the “Funding Date”) and matures on the fifth anniversary of the Funding Date. The Senior Debt bears interest at a rate of 11.25% per annum, of which 5.0% is payable in cash in arrears and the remaining 6.25% accrues to the outstanding principal balance on a PIK basis. Interest is payable or compounded, as applicable, quarterly. Principal prepayments on the Senior Debt are permitted, subject to a premium, which declines from 8% of principal today to 4% in 2023 and to zero in 2024.

The Senior Debt is secured by a first-priority pledge and security interest in substantially all of the assets of our wholly owned subsidiary States Title (which represents substantially all of our assets), including the assets of any of its existing and future domestic subsidiaries (in each case, subject to customary exclusions, including the exclusion of regulated insurance company subsidiaries). The Senior Debt is subject to customary affirmative and negative covenants, including limits on the incurrence of debt and restrictions on acquisitions, sales of assets, dividends and certain restricted payments. The Senior Debt is also subject to two financial maintenance covenants, related to liquidity and revenues. The liquidity covenant requires States Title to have at least $20.0 million of liquidity, calculated as of the last day of each month, as the sum of (i) our unrestricted cash and cash equivalents and (ii) the aggregate unused and available portion of any working capital or other revolving credit facility. The revenue covenant, which is tested as of the last day of each fiscal year, requires that States Title’s consolidated GAAP revenue for the year to be greater than $130.0 million. The Senior Debt is subject to customary events of default and cure rights. As of the date of this Quarterly Report, States Title is in compliance with all Senior Debt covenants.

Upon funding, Old Doma issued penny warrants to affiliates of HSCM equal to 1.35% of Old Doma’s fully diluted shares. The warrants were net exercised on the Closing Date and such affiliates of HSCM received the right to receive approximately 4.2 million shares of our common stock.

Other commitments and contingencies

Our commitments for leases, excluding any imputed interest, related to our office space and equipment, amounted to $36.3 million as of June 30, 2022 of which $4.8 million is payable in 2022. Refer to Note 17 to our condensed consolidated financial statements for a summary of our future commitments. Our headquarters lease expires in 2024. As of June 30, 2022, we did not have any other material commitments for cash expenditures. We also administer escrow deposits as a service to customers, a substantial portion of which are held at third-party financial institutions. Such deposits are not reflected on our balance sheet, but we could be contingently liable for them under certain circumstances (for example, if we dispose of escrowed assets). Such contingent liabilities have not materially impacted our results of operations or financial condition to date and are not expected to do so in the near term.

Cash flows

The following table summarizes our cash flows for the periods indicated:

	Six Months Ended June 30,	
	2022	**2021**
	(in thousands)	
Net cash used in operating activities	$ (100,588)	$ (17,409)
Net cash used in investing activities	(54,116)	(19,817)
Net cash provided by financing activities	174	85,453

Operating activities

In the first six months of 2022, net cash used in operating activities was $100.6 million driven by the net loss of $108.7 million, cash paid for accrued expenses of $16.4 million and non-cash costs relating to the change in the fair value of warrant and Sponsor Covered Shares liabilities of $19.1 million. This was offset by changes in prepaid expenses, deposits and other assets of $5.4 million and the liability for loss and loss adjustments expenses of $4.7 million and non-cash costs including depreciation and amortization of $7.0 million and stock-based compensation expense of $20.0 million.

In the first six months of 2021, net cash used in operating activities was $17.4 million driven by the net loss of $35.1 million and cash paid for prepaid expenses associated with the Business Combination of $11.6 million. This was partially offset by increases of accrued expenses and other liabilities of $5.3 million and the liability for loss and loss adjustment expenses of $4.9 million and non-cash costs including depreciation and amortization of $5.7 million and stock-based compensation expense of $5.3 million.

Investing activities

Our capital expenditures have historically consisted mainly of costs incurred in the development of the Doma Intelligence platform. Our other investing activities generally consist of transactions in fixed maturity investment securities to provide regular interest payments.

In the first six months of 2022, net cash used in investing activities was $54.1 million, and reflected $2.1 million and $49.6 million of purchases of held-to-maturity and available-for-sale fixed maturity securities, respectively, offset by $17.0 million of proceeds from the sale of held-to-maturity investments. Cash paid for fixed assets was $20.6 million in the same period, largely consisting of technology development costs related to the Doma Intelligence platform.

In the first six months of 2021, net cash used in investing activities was $19.8 million, and reflected mainly $24.0 million of proceeds from the sale of investments offset by $33.4 million of purchases of investments. Cash paid for fixed assets was $10.9 million in the same period, largely consisting of technology development costs related to Doma Intelligence.

Financing activities

Net cash provided by financing activities was immaterial in the first six months of 2022.

Net cash provided by financing activities was $85.5 million in the first six months of 2021, reflecting $150.0 million in proceeds from the Senior Debt, offset by a $65.5 million payment on the Lennar seller financing note.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with GAAP. Preparation of the financial statements requires management to make several judgments, estimates and assumptions relating to the reported amount of revenue and expenses, assets and liabilities and the disclosure of contingent assets and liabilities. We evaluate our significant estimates on an ongoing basis, including, but not limited to, liability for loss and loss adjustment expenses, goodwill, accrued net premiums written from Third-Party Agent referrals, and the Sponsor Covered Shares liability. We consider an accounting judgment, estimate or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates and assumptions could have a material impact on our consolidated financial statements. Our significant accounting policies are described in Note 2 to our annual audited consolidated financial statements. Our critical accounting estimates are described below.

Liability for loss and loss adjustment expenses

Our liability for loss and loss adjustment expenses include mainly reserves for known claims as well as reserves for IBNR claims. Each known claim is reserved based on our estimate of the costs required to settle the claim.

IBNR is a loss reserve that primarily reflects the sum of expected losses for unreported claims. The expense is calculated by applying a loss provision rate to total title insurance premiums. With the assistance of a third-party actuarial firm, we determine the loss provision rate for the policies written in the current and prior years. This assessment considers factors such as historical experience and other factors, including industry trends, claim loss history, legal environment, geographic considerations and the types of title insurance policies written (i.e., real estate purchase or refinancing transactions). The loss provision rate is set to provide for losses on current year policies, but due to development of prior years and our long claim duration, it periodically includes amounts of estimated adverse or positive development on prior years' policies. The provision rate on prior year policies will continue to change as actual experience on those specific policy years develop. As the Company's claims experience matures, we refine estimates on prior policy years to put more consideration to the Company's actual claims experience as compared to industry experience. Changes in the loss provision rate for recent policy years are considered likely and could result in a material adjustment to the IBNR reserves.

The estimates used require considerable judgment and are established as management's best estimate of future outcomes, however, the amount of IBNR reserves based on these estimates could ultimately prove to be inadequate to cover actual future claims experience. We continually monitor for any events and/or circumstances that arise during the year which may indicate that the assumptions used to record the provision for claims estimate requires reassessment.

Our total loss reserve as of June 30, 2022 amounted to $84.9 million, which we believe, based on historical claims experience and actuarial analyses, is adequate to cover claim losses resulting from pending and future claims for policies issued through June 30, 2022.

A summary of the Company's loss reserves is as follows:

	June 30, 2022		December 31, 2021	
	($ in thousands)			
Known title claims	$ 9,341	11 %	$ 7,578	9 %
IBNR title claims	75,474	88 %	72,621	90 %
Total title claims	$ 84,815	99 %	$ 80,199	99 %
Non-title claims	121	1 %	68	1 %
Total loss reserves	$ 84,936	100 %	$ 80,267	100 %

We continually review and adjust our reserve estimates to reflect loss experience and any new information that becomes available.

Goodwill

We have significant goodwill on our balance sheet related to acquisitions, as goodwill represents the excess of the acquisition price over the fair value of net assets acquired and liabilities assumed in a business combination. Goodwill is tested and reviewed annually for impairment on October 1 of each year, and between annual tests if events or circumstances arise that would more likely than not reduce the fair value of any one of our reporting units below its respective carrying amount. In addition, an interim impairment test may be completed upon a triggering event or when there is a reorganization of reporting structure or disposal of all or a portion of a reporting unit. As of June 30, 2022, we had $111.5 million of goodwill, relating to the North American Title Acquisition, of which $88.1 million and $23.4 million was allocated to our Distribution and Underwriting reporting units, respectively.

In performing our annual goodwill impairment test, we first perform a qualitative assessment, which requires that we consider significant estimates and assumptions regarding macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, changes in management or key personnel, changes in strategy, changes in customers, changes in the composition or carrying amount of a reporting unit or other factors that have the potential to impact fair value. If, after assessing the totality of events and circumstances, we determine that it is more likely than not that the fair values of our reporting units are greater than the carrying amounts, then the quantitative goodwill impairment test is not performed, as goodwill is not considered to be impaired. However, if we determine that the fair value of a reporting unit is more likely than not to be less than its carrying value, then a quantitative assessment is performed. For the quantitative assessment, the determination of estimated fair value of our reporting units requires us to make assumptions about future discounted cash flows, including profit margins, long-term forecasts, discount rates and terminal growth rates and, if possible, a comparable market transaction model. If, based upon the quantitative assessment, the reporting unit fair value is less than the carrying amount, a goodwill impairment is recorded equal to the difference between the carrying amount of the reporting unit's goodwill and its fair value, not to exceed the carrying value of goodwill allocated to that reporting unit, and a corresponding impairment loss is recorded in the consolidated statements of operations.

We conduct our annual goodwill impairment test as of October 1. Based on the last test performed, we determined, after performing a test of each reporting unit, that the fair value of each reporting unit exceeded its respective carrying value. Accordingly, there was no indication of impairment and the quantitative goodwill impairment test was not performed. We did not identify any events, changes in circumstances, or triggering events since the performance of our annual goodwill impairment test that would require us to perform an interim quantitative goodwill impairment test during the year.

Accrued net premiums written from Third-Party Agent referrals

We recognize revenues on title insurance policies issued by Third-Party Agents when notice of issuance is received from Third-Party Agents, which is generally when cash payment is received. In addition, we estimate and accrue for revenues on policies sold but not reported by Third-Party Agents as of the relevant balance sheet closing date. This accrual is based on historical transactional volume data for title insurance policies that have closed and were not reported before the relevant balance sheet closing, as well as trends in our operations and in the title and housing industries. There could be variability in the amount of this accrual from period to period and amounts subsequently reported to us by Third-Party Agents may differ from the estimated accrual recorded in the preceding period. If the amount of revenue subsequently reported to us by Third Party Agents is higher or lower than our estimate, we record the difference in revenue in the period in which it is reported. The time lag between the closing of transactions by Third-Party Agents and the reporting of policies, or premiums from policies issued by Third-Party Agents to us has been approximately three months. In addition to the premium accrual, we also record accruals for the corresponding direct expenses related to this revenue, including premiums retained by Third-Party Agents, premium taxes, and provision for claims.

Sponsor Covered Shares liability

The Sponsor Covered Shares, as described in Note 3, will become vested contingent upon the price of our common stock exceeding certain thresholds or upon some strategic events, which include events that are not indexed to our common stock.

We obtained a third-party valuation of the Sponsor Covered Shares as of December 31, 2021 and June 30, 2022 using the Monte Carlo simulation methodology and based upon market inputs regarding stock price, dividend yield, expected term, volatility and risk-free rate. The share price represents the trading price as of each valuation date. The expected dividend yield is zero as we have never declared or paid cash dividends and have no current plans to do so during the expected term. The expected term represents the vesting period, which is 9.1 years. The expected volatility of 60.0% was estimated considering (i) the Doma implied volatility calculated using longest term stock option (ii) the Doma implied warrant volatility using the term of the Public and Private Warrants and (iii) median leverage adjusted (asset) volatility calculated using a set of Guideline Public Companies ("GPCs"). Volatility for the GPCs was calculated over a lookback period of 9.1 years (or longest available data for GPCs whose trading history was shorter than 9.1 years), commensurate with the contractual term of the Sponsor Covered Shares. The risk-free rate utilizes the 10-year U.S. Constant Maturity. Finally, the annual change in control probability is estimated to be 2.0%.

As of June 30, 2022, the Sponsor Covered Shares liability amounted to $0.7 million.

New Accounting Pronouncements

For information about recently issued accounting pronouncements, refer to Note 2 to our condensed consolidated financial statements included elsewhere in this filing.

Emerging Growth Company Accounting Election

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”) exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s condensed financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

Our principal market risk is interest rate risk because our results of operations can vary due to changes in interest rates. In a declining interest rate environment, we would expect our results of operations to be positively impacted by higher loan refinancing activity. However, in a rising interest rate environment, we would expect our results of operations to be negatively impacted by lower loan refinancing activity. We would expect both of these scenarios to be mitigated by home purchase loan activity. Fluctuations in interest rates may also impact the interest income earned on floating-rate investments and the fair value of our fixed-rate investments. An increase in interest rates decreases the market value of fixed-rate investments. Conversely, a decrease in interest rates increases the fair market value of fixed-rate investments.

Additionally, we analyze potential changes in the value of our investment portfolio due to the market risk factors noted above within the overall context of asset and liability management. A technique we use in the management of our investment portfolio is the calculation of duration. Our actuaries estimate the payout pattern of our reserve liabilities to determine their duration, which is the present value of the weighted average payments expressed in years. We then establish a target duration for our investment portfolio so that at any given time the estimated cash generated by the investment portfolio will closely match the estimated cash required for the payment of the related reserves. We structure the investment portfolio to meet the target duration to achieve the required cash flow, based on liquidity and market risk factors.

The Company’s debt security portfolio is subject to credit risk. For further information on the credit quality of the Company’s investment portfolio at June 30, 2022, see Note 4 to the consolidated financial statements.

The Company also has credit risk related to the ability of reinsurance counterparties to honor their obligations to pay the contract amounts under our reinsurance programs. For information on our reinsurance programs, see Note 2 to the consolidated financial statements.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of June 30, 2022. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of June 30, 2022, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (b) accumulated and communicated to management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter covered by this Quarterly Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

In the ordinary course of business, the Company is, or may become, involved in various pending or threatened litigation matters related to our operations, some of which may include claims for punitive or exemplary damages. For our business, customary litigation includes, but is not limited to, cases related to title and escrow claims, for which we make provisions through our loss reserves. Further, ordinary course litigation may include class action and purported class action lawsuits.

For additional information regarding legal proceedings, see Part I, Item 3. "Legal Proceedings" in our annual report on Form 10-K for the year ended December 31, 2021 (the "Annual Report"). See also the information set forth in Note 12 "Legal Matters" contained in Part I, Item 1 "Financial Information" of this Quarterly Report.

Item 1A. Risk Factors

Factors that could cause our actual results to differ materially from those in this Quarterly Report include the risk factors described in Part I, Item 1A "Risk Factors" in our Annual Report. As of the date of this Quarterly Report, there have been no material changes to the risk factors disclosed in the Annual Report other than the additional risk factor described below. We may face additional risks and uncertainties that are not presently known to us or that we currently deem immaterial, which may also impair our business or financial condition.

If we cannot regain compliance with the NYSE's continued listing requirements and rules, the NYSE may delist our common stock, which could negatively affect our company, the price of our common stock and our stockholders' ability to sell our common stock and may lead to potential events of default on existing debt instruments.

On August 1, 2022, we received notice from the New York Stock Exchange (the "NYSE") that we were no longer in compliance with the NYSE continued listing standards, set forth in Section 802.01C of the NYSE's Listed Company Manual ("Section 802.01C") because the average closing price of the Company's common stock was less than $1.00 per share over a consecutive 30 trading-day period.

Pursuant to Section 802.01C, the Company has a period of six months following the receipt of the notice to regain compliance with the minimum share price requirement. The Company may regain compliance at any time during the six-month cure period if on the last trading day of any calendar month during the cure period the common stock has a closing share price of at least $1.00 and an average closing share price of at least $1.00 over the 30 trading-day period ending on the last trading day of that month. If the Company is unable to regain compliance with the $1.00 share price rule within this period, the NYSE will initiate procedures to suspend and delist the common stock. Section 802.01C also provides for an exception to the six-month cure period if the action required to cure the price condition requires stockholder approval, as would be the case to effectuate a reverse stock split, in which case the action needs to be approved by no later than the Company's next annual stockholder's meeting, and the price condition will be deemed cured if the price of the common stock promptly exceeds $1.00 per share and the price remains above that level for at least the following 30 trading days. The Company intends to cure the deficiency within a period permissible under Section 802.01C. However, there can be no assurances that the Company will meet continued listing standards within the specified cure period.

If we are unable to satisfy the NYSE criteria for continued listing, our common stock would be subject to delisting. A delisting of our common stock could negatively impact us by, among other things, reducing the liquidity and market price of our common stock; reducing the number of investors willing to hold or acquire our common stock, which could negatively impact our ability to raise equity financing; decreasing the amount of news and analyst coverage of the Company; leading to potential events of default on existing debt instruments; and limiting our ability to issue additional securities or obtain additional financing in the future. In addition, delisting from the NYSE may negatively impact our reputation and, consequently, our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Equity Securities

None

Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits.

The exhibits listed on the Exhibit Index to this Quarterly Report on Form 10-Q are filed herewith or incorporated by reference herein:

Exhibit	Description
10.1^	CEO Award Agreement, dated June 29, 2022, of Restricted Stock Units and Performance Restricted Stock Units (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on July 1, 2022).
10.2^	Letter Agreement, dated June 29, 2022, between the Company and Max Simkoff amending Mr. Simkoff's employment agreement (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on July 1, 2022).
10.3^	Doma Holdings, Inc. Executive Bonus Plan (incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed on July 1, 2022).
10.4^	Doma Holdings, Inc. Amended and Restated Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 8, 2022).
10.5^*	Doma Holdings, Inc. Outside Director Compensation Policy.
31.1*	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

^ Management Contract or Compensatory Plan or Arrangement
* Filed herewith.
** Furnished herewith.

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.

DOMA HOLDINGS, INC.

By: /s/ Max Simkoff

Name: Max Simkoff

Date: August 10, 2022

Title: Chief Executive Officer

(Principal Executive Officer)

DOMA HOLDINGS, INC.

By: /s/ Mike Smith

Name: Mike Smith

Date: August 10, 2022

Title: Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

DOMA HOLDINGS, INC.

OUTSIDE DIRECTOR COMPENSATION POLICY

(Originally Adopted and approved July 28, 2021; Amended & Restated June 29, 2022)

Doma Holdings, Inc. (the "**Company**") believes that the granting of equity and cash compensation to its members of the Board of Directors (the "**Board**," and members of the Board, "**Directors**") represents a powerful tool to attract, retain and reward Directors who are not employees of the Company or its subsidiaries (each, an "**Outside Director**"). This Outside Director Compensation Policy (this "**Policy**") is intended to formalize the Company's policy regarding cash compensation and grants of equity to its Outside Directors. Unless otherwise defined herein, capitalized terms used in this Policy will have the meaning given such term in the Doma Holdings, Inc. Omnibus Incentive Plan (as amended from time to time, the "**Plan**"). Outside Directors will be solely responsible for any tax obligations they incur as a result of the equity and cash payments received under this Policy. Notwithstanding anything to the contrary herein, no compensation shall be paid under this Policy to any Outside Director who does not also satisfy, as determined by the Company, the independence standards of Item 407(a) of Regulation S-K of the Securities Exchange Act of 1934, as amended.

1. Cash Compensation

The following annual cash compensation for Outside Directors is payable quarterly in arrears on a prorated basis.

GENERAL BOARD ANNUAL RETAINER

Annual cash compensation for the general services of Outside Directors is as follows:

Outside Director: $35,000 general annual retainer

Directors will receive no additional compensation for attending regular meetings of the Board.

NON-EXECUTIVE CHAIRMAN ANNUAL RETAINER

Additional annual cash compensation for the general services of the chairperson of the board who is not an employee of the Company or its subsidiaries (the "**Non-Executive Chairperson**") is as follows:

Non-Executive Chairperson: $30,000 chairperson annual retainer

COMMITTEE ANNUAL RETAINERS

In addition to the annual cash retainers described above, each Outside Director will also receive annual cash retainers in recognition of their service on the committees of the Board.

(a) Audit Committee.

Annual cash compensation for members of the audit committee of the Board (the "**Audit Committee**") is as follows:

Chairperson of the Audit Committee: $20,000 chairperson annual retainer

Non-Chairperson Member of the Audit Committee: $10,000 non-chairperson annual retainer

There are no per meeting attendance fees for attending Audit Committee meetings.

(b) Compensation Committee.

Annual cash compensation for members of the compensation committee (the "**Compensation Committee**") is as follows:

Chairperson of the Compensation Committee: $15,000 chairperson annual retainer

Non-Chairperson Member of the Compensation Committee: $7,500 non-chairperson annual retainer

There are no per meeting attendance fees for attending Compensation Committee meetings.

(c) Nominating and Corporate Governance Committee.

Annual cash compensation for members of the nominating and corporate governance committee (the "**Nominating and Corporate Governance Committee**") is as follows:

Chairperson of the Nominating and Corporate Governance Committee: $10,000 chairperson annual retainer

Non-Chairperson Member of the Nominating and Corporate Governance: $5,000 non-chairperson annual retainer

There are no per meeting attendance fees for attending Nominating and Corporate Governance Committee meetings.

2. Equity Compensation

Outside Directors will also receive the following Awards:

(a) Initial Award. On or as soon as reasonably practicable following the commencement date of each Outside Director's service on the Board (the "**Start Date**"), such Outside Director will be automatically granted an award of RSUs with a Value of $225,000 (the "**Initial Award**"). The Initial Award will vest annually in equal installments over the first three anniversaries of the Start Date, subject to the Outside Director's continued service on Board through each applicable vesting date.

(b) Annual Award. On the day of each annual meeting of the Company's shareholders ("**Annual Meeting**"), each Outside Director will be automatically granted an award of RSUs with a Value of $150,000 (or $220,000, in the case of a Non-Executive Chairperson) (the "**Annual Award**"). The Annual Award will vest in full on the earlier of (i) the one-year anniversary of the date of grant and (ii) the date of the next Annual Meeting held after the date of grant, in each case, subject to the Outside Director's continued service on the Board through the applicable vesting date. Notwithstanding the foregoing, an Outside Director will not receive an Annual Award if he or she received an Initial Award in the same year.

(c) Value. For purposes of Sections 2(a) and 2(b), "**Value**" means (i)(x) the fair value for financial accounting purposes based on the average of the daily closing price for the 15 consecutive trading days prior to the date of grant or (y) such other value as determined by the Compensation Committee, in each case, with the number of Shares of the Company's common stock determined based on that Value, rounded down or (ii) as otherwise determined by the Compensation Committee; provided that for purposes of this Section 2(c), any such Value determined by the Compensation Committee shall not result in granting more Shares than if the Value calculation set forth in Section 2(c)(i)(x) had been used.

3. **Other Compensation and Benefits**

Outside Directors may also be eligible to receive other compensation and benefits, including reasonable personal benefits and perquisites, as determined by the Board or its applicable delegate from time to time.

4. **Change in Control**

In the event of a Change in Control, each Outside Director will fully vest in his or her outstanding Company equity awards, including any Initial Award or Annual Award, subject to the Outside Director's continued service on the Board through the date of the Change in Control.

5. Travel Expenses

Each Outside Director's reasonable, customary and documented travel expenses to Board meetings will be reimbursed by the Company.

6. Additional Provisions

All provisions of the Plan not inconsistent with this Policy will apply to Awards granted to Outside Directors.

7. Adjustments

In the event that the Board or its applicable delegate determines that, as a result of any extraordinary dividend or other extraordinary distribution (other than an ordinary dividend or distribution), recapitalization, stock split, reverse stock split, reorganization, merger, amalgamation, consolidation, separation, rights offering, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, or other similar corporate transaction or event affecting the Shares, or of changes in applicable laws, regulations or accounting principles, an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Policy, then the Board or its applicable delegate will, subject to the applicable provision of the Plan and applicable law, adjust the number of Shares issuable pursuant to Awards granted under this Policy.

8. Section 409A

In no event will cash compensation or expense reimbursement payments under this Policy be paid after the later of (i) the 15th day of the 3rd month following the end of the Company's fiscal year in which the compensation is earned or expenses are incurred, as applicable, or (ii) the 15th day of the 3rd month following the end of the calendar year in which the compensation is earned or expenses are incurred, as applicable, in compliance with the "short-term deferral" exception under Section 409A of the Internal Revenue Code of 1986, as amended, and the final regulations and guidance thereunder, as may be amended from time to time (together, "**Section 409A**"). It is the intent of this Policy that this Policy and all payments hereunder be exempt from or otherwise comply with the requirements of Section 409A so that none of the compensation to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be so exempt or comply. In no event will the Company reimburse an Outside Director for any taxes imposed or other costs incurred as a result of Section 409A.

9. Revisions; Misc.

The Board or the Compensation Committee, each in its discretion, may change and otherwise revise the terms of Initial Awards or Annual Awards granted under this Policy, including, without limitation, the number of Shares and the type of Award subject thereto. For the avoidance of doubt, each of the Board or the Compensation Committee or either's applicable delegate may, in its sole discretion, grant additional awards, compensation and benefits to Outside Directors as the Administrator deems appropriate.

The Board or the Compensation Committee may also amend, alter, suspend or terminate this Policy at any time and for any reason. No amendment, alteration, suspension or termination of this Policy will materially impair the rights of an Outside Director with respect to compensation that already has been paid or awarded, unless otherwise mutually agreed between the Outside Director and the Company. Termination of this Policy will not affect the Board's, the Compensation Committee's or the Administrator's ability to exercise the powers granted to it under the Plan with respect to Awards granted under the Plan pursuant to this Policy prior to the date of such termination.

Notwithstanding anything herein to the contrary, and for the avoidance of doubt, any Outside Director entitled to compensation pursuant to this Policy may voluntarily, at such Outside Director's sole election, decline or refuse to accept any or all such compensation to which such Outside Director may be entitled hereunder.

Exhibit 31.1

Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Max Simkoff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Doma Holdings, Inc;

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 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;

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;

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.

August 10, 2022

By: /s/ Max Simkoff
Max Simkoff
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mike Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Doma Holdings, Inc;

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 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;

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;

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.

August 10, 2022

By: /s/ Mike Smith
Mike Smith
Chief Financial Officer
*(Principal Financial Officer &
Principal Accounting Officer)*

Exhibit 32.1

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

In connection with the Quarterly Report of Doma Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Max Simkoff, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) 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 result of operations of the Company.

August 10, 2022

By: /s/ Max Simkoff
Max Simkoff
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of Doma Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mike Smith, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) 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 result of operations of the Company.

August 10, 2022

By: /s/ Mike Smith
Mike Smith
Chief Financial Officer
(Principal Financial Officer & Principal Accounting Officer)