

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 Quarterly Period Ended  
September 30, 2025

or

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

For the Transition Period from \_\_\_\_ to \_\_\_\_

Commission File Number: 001-15204

**Kingsway Financial Services Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**85-1792291**  
(I.R.S. Employer  
Identification No.)

**10 S. Riverside Plaza, Suite 1520, Chicago, IL 60606**

(Address of principal executive offices and zip code)

**1-312-766-2138**

(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 \$0.01 per share | KFS               | New York Stock Exchange                   |

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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  No

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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company  Emerging Growth Company

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

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

The number of shares, including restricted common shares, outstanding of the registrant's common stock as of November 6, 2025 was 28,956,152.

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KINGSWAY FINANCIAL SERVICES INC.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Balance Sheets  
(in thousands, except share data)

|   | September 30, 2025 | December 31, 2024 |
|---|--------------------|-------------------|
|   | (unaudited)        |                   |
| <b>Assets</b>   |                    |                   |
| Investments:  |                    |                   |
| Fixed maturities, at fair value (amortized cost of \$37,764 and \$38,117, respectively)   | \$ 37,400          | \$ 36,963         |
| Limited liability investments   | 649                | 650               |
| Limited liability investment, at fair value   | 3,148              | 2,859             |
| Investments in private companies, at adjusted cost  | 575                | 696               |
| Short-term investments, at cost which approximates fair value   | 174                | 169               |
| Total investments   | 41,946             | 41,337            |
| Cash and cash equivalents   | 9,291              | 5,493             |
| Restricted cash   | 7,538              | 7,643             |
| Accrued investment income   | 932                | 841               |
| Service fee receivable, net of allowance for credit losses of \$1,217 and \$626, respectively   | 14,658             | 9,361             |
| Other receivables, net of allowance of \$5 and \$5, respectively  | 1,085              | 1,000             |
| Deferred contract costs   | 14,908             | 13,889            |
| Income taxes receivable   | —                  | 574               |
| Property and equipment, net of accumulated depreciation of \$2,179 and \$1,720, respectively  | 5,871              | 1,567             |
| Right-of-use asset  | 6,925              | 2,390             |
| Goodwill  | 69,544             | 56,524            |
| Intangible assets, net of accumulated amortization of \$40,196 and \$34,442, respectively   | 54,918             | 40,049            |
| Other assets  | 7,517              | 5,948             |
| <b>Total Assets</b>   | <b>\$ 235,133</b>  | <b>\$ 186,616</b> |
| <b>Liabilities, Redeemable Preferred Stock, Redeemable Noncontrolling Interest and Shareholders' Equity</b>   |                    |                   |
| Liabilities:  |                    |                   |
| Accrued expenses and other liabilities  | \$ 29,336          | \$ 20,616         |
| Income taxes payable  | 75                 | —                 |
| Deferred service fees   | 87,415             | 83,108            |
| Bank loans  | 55,803             | 44,128            |
| Notes payable   | 1,032              | —                 |
| Subordinated debt, at fair value  | 13,889             | 13,409            |
| Lease liability   | 7,190              | 2,682             |
| Net deferred income tax liabilities   | 4,574              | 4,371             |
| Total Liabilities   | 199,314            | 168,314           |
| Redeemable preferred stock, \$0.01 par value; 650,000 and 330,000 authorized, issued and outstanding at September 30, 2025 and December 31, 2024, respectively; redemption amount of \$16,250 and \$8,250 at September 30, 2025 and December 31, 2024, respectively | 16,250             | 8,250             |
| Redeemable noncontrolling interest in consolidated subsidiary   | 925                | —                 |
| Shareholders' Equity:   |                    |                   |
| Common stock, \$0.01 par value; 50,000,000 authorized; 29,638,777 and 28,119,776 issued at September 30, 2025 and December 31, 2024, respectively; and 28,612,850 and 27,136,749 outstanding at September 30, 2025 and December 31, 2024, respectively              | 296                | 281               |
| Additional paid-in capital  | 394,640            | 376,503           |
| Treasury stock, at cost; 1,025,927 and 983,027 outstanding at September 30, 2025 and December 31, 2024, respectively  | (6,545)            | (6,200)           |
| Accumulated deficit   | (371,335)          | (361,453)         |
| Accumulated other comprehensive loss  | (407)              | (718)             |
| Shareholders' equity attributable to common shareholders  | 16,649             | 8,413             |
| Noncontrolling interests in consolidated subsidiaries   | 1,995              | 1,639             |
| Total Shareholders' Equity  | 18,644             | 10,052            |
| <b>Total Liabilities, Redeemable Preferred Stock, Redeemable Noncontrolling Interest and Shareholders' Equity</b>   | <b>\$ 235,133</b>  | <b>\$ 186,616</b> |

See accompanying notes to unaudited consolidated financial statements.

## KINGSWAY FINANCIAL SERVICES INC.

**Consolidated Statements of Operations**  
(in thousands, except per share data)  
(Unaudited)

|   | Three months ended September 30, |                   | Nine months ended September 30, |                   |
|---|----------------------------------|-------------------|---------------------------------|-------------------|
|   | 2025                             | 2024              | 2025                            | 2024              |
| <b>Revenues:</b>  |                                  |                   |                                 |                   |
| Service fee and commission revenue  | \$ 37,173                        | \$ 27,136         | \$ 96,441                       | \$ 79,742         |
| <b>Total revenues</b>   | <b>37,173</b>                    | <b>27,136</b>     | <b>96,441</b>                   | <b>79,742</b>     |
| <b>Operating expenses:</b>  |                                  |                   |                                 |                   |
| Claims authorized on vehicle service agreements   | 6,638                            | 6,323             | 19,353                          | 18,793            |
| Commissions   | 3,125                            | 2,801             | 8,686                           | 8,186             |
| Cost of services sold   | 11,071                           | 6,817             | 27,033                          | 19,287            |
| General and administrative expenses   | 17,204                           | 11,867            | 44,074                          | 33,102            |
| <b>Total operating expenses</b>   | <b>38,038</b>                    | <b>27,808</b>     | <b>99,146</b>                   | <b>79,368</b>     |
| <b>Operating (loss) income</b>  | <b>(865)</b>                     | <b>(672)</b>      | <b>(2,705)</b>                  | <b>374</b>        |
| <b>Other revenues (expenses), net:</b>  |                                  |                   |                                 |                   |
| Net investment income   | 431                              | 403               | 1,221                           | 1,037             |
| Net realized (losses) gains   | (5)                              | 958               | 52                              | 1,359             |
| Net loss on equity investments  | —                                | —                 | —                               | (3)               |
| Gain on change in fair value of limited liability investment, at fair value   | 111                              | 95                | 289                             | 173               |
| Non-operating other revenue, net  | 122                              | 230               | 487                             | 462               |
| Interest expense  | (1,505)                          | (1,173)           | (4,000)                         | (3,480)           |
| Amortization of intangible assets   | (2,362)                          | (1,437)           | (5,754)                         | (4,308)           |
| Impairment of intangible assets   | (249)                            | (640)             | (468)                           | (1,841)           |
| (Loss) gain on change in fair value of debt   | (18)                             | 81                | 1                               | (48)              |
| Loss on extinguishment of debt  | (121)                            | —                 | (236)                           | (160)             |
| <b>Total other expenses, net</b>  | <b>(3,596)</b>                   | <b>(1,483)</b>    | <b>(8,408)</b>                  | <b>(6,809)</b>    |
| Loss from continuing operations before income tax (benefit) expense   | (4,461)                          | (2,155)           | (11,113)                        | (6,435)           |
| Income tax (benefit) expense  | (2,050)                          | 21                | (2,445)                         | 209               |
| <b>Loss from continuing operations</b>  | <b>(2,411)</b>                   | <b>(2,176)</b>    | <b>(8,668)</b>                  | <b>(6,644)</b>    |
| Income from discontinued operations, net of taxes   | —                                | 81                | —                               | 439               |
| Loss on disposal of discontinued operations, net of taxes   | —                                | (216)             | —                               | (620)             |
| <b>Net loss</b>   | <b>(2,411)</b>                   | <b>(2,311)</b>    | <b>(8,668)</b>                  | <b>(6,825)</b>    |
| Less: Net income from continuing operations attributable to noncontrolling interests and redeemable noncontrolling interests in consolidated subsidiaries | 45                               | 491               | 322                             | 825               |
| Less: Dividends on preferred stock  | 325                              | 13                | 858                             | 13                |
| <b>Net loss attributable to common shareholders</b>   | <b>\$ (2,781)</b>                | <b>\$ (2,815)</b> | <b>\$ (9,848)</b>               | <b>\$ (7,663)</b> |
| Net loss from continuing operations attributable to common shareholders   | \$ (2,781)                       | \$ (2,680)        | \$ (9,848)                      | \$ (7,482)        |
| Net loss from discontinued operations attributable to common shareholders   | —                                | (135)             | —                               | (181)             |
| <b>Net loss attributable to common shareholders</b>   | <b>\$ (2,781)</b>                | <b>\$ (2,815)</b> | <b>\$ (9,848)</b>               | <b>\$ (7,663)</b> |
| <b>Basic loss per share attributable to common shareholders:</b>  |                                  |                   |                                 |                   |
| Continuing operations   | \$ (0.10)                        | \$ (0.10)         | \$ (0.36)                       | \$ (0.27)         |
| Discontinued operations   | \$ —                             | \$ —              | \$ —                            | \$ (0.01)         |
| <b>Basic loss per share - net loss attributable to common shareholders</b>  | <b>\$ (0.10)</b>                 | <b>\$ (0.10)</b>  | <b>\$ (0.36)</b>                | <b>\$ (0.28)</b>  |
| <b>Diluted loss per share attributable to common shareholders:</b>  |                                  |                   |                                 |                   |
| Continuing operations   | \$ (0.10)                        | \$ (0.10)         | \$ (0.36)                       | \$ (0.27)         |
| Discontinued operations   | \$ —                             | \$ —              | \$ —                            | \$ (0.01)         |
| <b>Diluted loss per share - net loss attributable to common shareholders</b>  | <b>\$ (0.10)</b>                 | <b>\$ (0.10)</b>  | <b>\$ (0.36)</b>                | <b>\$ (0.28)</b>  |
| <b>Weighted-average shares outstanding (in '000s):</b>  |                                  |                   |                                 |                   |
| Basic:  | 28,508                           | 27,197            | 27,607                          | 27,213            |
| Diluted:  | 28,508                           | 27,197            | 27,607                          | 27,213            |

*See accompanying notes to unaudited consolidated financial statements.*

KINGSWAY FINANCIAL SERVICES INC.

**Consolidated Statements of Comprehensive Loss**  
**(in thousands)**  
**(Unaudited)**

|  | Three months ended September 30, |            | Nine months ended September 30, |            |
|--|----------------------------------|------------|---------------------------------|------------|
|  | 2025                             | 2024       | 2025                            | 2024       |
| Net loss   | \$ (2,411)                       | \$ (2,311) | \$ (8,668)                      | \$ (6,825) |
| Other comprehensive income (loss), net of taxes(1):  |                                  |            |                                 |            |
| Unrealized gains (losses) on available-for-sale investments:   |                                  |            |                                 |            |
| Unrealized gains arising during the period   | 200                              | 900        | 869                             | 945        |
| Reclassification adjustment for amounts included in net loss   | (25)                             | (48)       | (78)                            | (90)       |
| Change in fair value of debt attributable to instrument-specific credit risk:  |                                  |            |                                 |            |
| Unrealized gains (losses) arising during the period  | 58                               | (46)       | (480)                           | (38)       |
| Other comprehensive income, net of taxes(1):   | 233                              | 806        | 311                             | 817        |
| Comprehensive loss   | (2,178)                          | (1,505)    | (8,357)                         | (6,008)    |
| Less: comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interests in consolidated subsidiaries | 45                               | 504        | 322                             | 835        |
| Comprehensive loss attributable to common shareholders   | \$ (2,223)                       | \$ (2,009) | \$ (8,679)                      | \$ (6,843) |

(1) Net of income tax (benefit) expense of \$0 for the three and nine months ended September 30, 2025 and September 30, 2024.

*See accompanying notes to unaudited consolidated financial statements.*

KINGSWAY FINANCIAL SERVICES INC.

**Consolidated Statements of Shareholders' Equity**  
**(in thousands, except share data)**  
**(Unaudited)**

| Three Months Ended September 30, 2025   |              |        |                                  |                   |                        |   |  |  |                                  |
|---|--------------|--------|----------------------------------|-------------------|------------------------|---|--|--|----------------------------------|
|   | Common Stock |        | Additional<br>Paid-in<br>Capital | Treasury<br>Stock | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Shareholders'<br>Equity<br>Attributable<br>to Common<br>Shareholders | Noncontrolling<br>Interests in<br>Consolidated<br>Subsidiaries | Total<br>Shareholders'<br>Equity |
|   | Shares       | Amount |                                  |                   |                        |   |  |  |                                  |
| Balance, June 30, 2025  | 28,430,113   | \$ 294 | \$ 392,853                       | \$ (6,545)        | \$ (368,520)           | \$ (640)                                      | 17,442   | \$ 1,916   | \$ 19,358                        |
| Common stock issued at \$13.90<br>per share   | 82,737       | 1      | 1,157                            | —                 | —                      | —   | 1,158  | —  | 1,158                            |
| Vesting of restricted stock awards  | 100,000      | 1      | —                                | —                 | —                      | —   | 1  | —  | 1                                |
| Net (loss) income   | —            | —      | —                                | —                 | (2,490)                | —   | (2,490)  | 79   | (2,411)                          |
| Preferred stock dividends   | —            | —      | —                                | —                 | (325)                  | —   | (325)  | —  | (325)                            |
| Other comprehensive income  | —            | —      | —                                | —                 | —                      | 233   | 233  | —  | 233                              |
| Stock-based compensation  | —            | —      | 630                              | —                 | —                      | —   | 630  | —  | 630                              |
| Balance, September 30, 2025   | 28,612,850   | \$ 296 | \$ 394,640                       | \$ (6,545)        | \$ (371,335)           | \$ (407)                                      | \$ 16,649  | \$ 1,995   | \$ 18,644                        |
| Three Months Ended September 30, 2024   |              |        |                                  |                   |                        |   |  |  |                                  |
|   | Common Stock |        | Additional<br>Paid-in<br>Capital | Treasury<br>Stock | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Shareholders'<br>Equity<br>Attributable<br>to Common<br>Shareholders | Noncontrolling<br>Interests in<br>Consolidated<br>Subsidiaries | Total<br>Shareholders'<br>Equity |
|   | Shares       | Amount |                                  |                   |                        |   |  |  |                                  |
| Balance, June 30, 2024  | 27,261,959   | \$ 281 | \$ 378,273                       | \$ (4,650)        | \$ (351,716)           | \$ (1,526)                                    | \$ 20,662  | \$ (3,445)   | \$ 17,217                        |
| Vesting of restricted stock awards  | 100,000      | —      | —                                | —                 | —                      | —   | —  | —  | —                                |
| Tax withholding related to net of<br>share settlement of restricted<br>stock awards | (43,832)     | —      | (351)                            | —                 | —                      | —   | (351)  | —  | (351)                            |
| Purchase of noncontrolling<br>interest  | —            | —      | (2,500)                          | —                 | 2,357                  | (29)  | (172)  | (2,328)  | (2,500)                          |
| Net (loss) income   | —            | —      | —                                | —                 | (2,802)                | —   | (2,802)  | 491  | (2,311)                          |
| Preferred stock dividends   | —            | —      | —                                | —                 | (13)                   | —   | (13)   | —  | (13)                             |
| Distributions to noncontrolling<br>interest holders                                 | —            | —      | —                                | —                 | —                      | —   | —  | (735)  | (735)                            |
| Dissolution of noncontrolling<br>interest   | —            | —      | —                                | —                 | (7,491)                | —   | (7,491)  | 7,491  | —                                |
| Repurchases of common stock   | (194,300)    | —      | —                                | (1,550)           | —                      | —   | (1,550)  | —  | (1,550)                          |
| Other comprehensive income  | —            | —      | —                                | —                 | —                      | 793   | 793  | 13   | 806                              |
| Stock-based compensation  | —            | —      | 862                              | —                 | —                      | —   | 862  | —  | 862                              |
| Balance, September 30, 2024   | 27,123,827   | \$ 281 | \$ 376,284                       | \$ (6,200)        | \$ (359,665)           | \$ (762)                                      | \$ 9,938   | \$ 1,487   | \$ 11,425                        |

## KINGSWAY FINANCIAL SERVICES INC.

**Consolidated Statements of Shareholders' Equity**  
(in thousands, except share data)  
(Unaudited)

| Nine Months Ended September 30, 2025                         |                            |            |                                  |                   |                        |   |  |  |                                  |           |
|--|----------------------------|------------|----------------------------------|-------------------|------------------------|---|--|--|----------------------------------|-----------|
|  | Common Stock               |            | Additional<br>Paid-in<br>Capital | Treasury<br>Stock | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Shareholders'<br>Equity<br>Attributable<br>to Common<br>Shareholders | Noncontrolling<br>Interests in<br>Consolidated<br>Subsidiaries | Total<br>Shareholders'<br>Equity |           |
|  | Shares                     | Amount     |                                  |                   |                        |   |  |  |                                  |           |
|  | Balance, December 31, 2024 | 27,136,749 | \$ 281                           | \$ 376,503        | \$ (6,200)             | \$ (361,453)                                  | \$ (718)   | \$ 8,413   | \$ 1,639                         | \$ 10,052 |
| Common stock issued at \$11.75<br>and \$13.90 per share, net | 1,419,001                  | 14         | 16,746                           | —                 | —                      | —   | 16,760   | —  | 16,760                           |           |
| Vesting of restricted stock awards                           | 100,000                    | 1          | —                                | —                 | —                      | —   | 1  | —  | 1                                |           |
| Purchase of noncontrolling<br>interest                       | —                          | —          | —                                | —                 | —                      | —   | —  | —  | —                                |           |
| Net (loss) income  | —                          | —          | —                                | —                 | (9,024)                | —   | (9,024)  | 356  | (8,668)                          |           |
| Preferred stock dividends                                    | —                          | —          | —                                | —                 | (858)                  | —   | (858)  | —  | (858)                            |           |
| Repurchases of common stock                                  | (42,900)                   | —          | —                                | (345)             | —                      | —   | (345)  | —  | (345)                            |           |
| Other comprehensive income                                   | —                          | —          | —                                | —                 | —                      | 311   | 311  | —  | 311                              |           |
| Stock-based compensation                                     | —                          | —          | 1,391                            | —                 | —                      | —   | 1,391  | —  | 1,391                            |           |
| Balance, September 30, 2025                                  | 28,612,850                 | \$ 296     | \$ 394,640                       | \$ (6,545)        | \$ (371,335)           | \$ (407)                                      | \$ 16,649  | \$ 1,995   | \$ 18,644                        |           |

| Nine Months Ended September 30, 2024  |                            |            |                                  |                   |                        |   |  |  |                                  |           |
|---|----------------------------|------------|----------------------------------|-------------------|------------------------|---|--|--|----------------------------------|-----------|
|   | Common Stock               |            | Additional<br>Paid-in<br>Capital | Treasury<br>Stock | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Shareholders'<br>Equity<br>Attributable<br>to Common<br>Shareholders | Noncontrolling<br>Interests in<br>Consolidated<br>Subsidiaries | Total<br>Shareholders'<br>Equity |           |
|   | Shares                     | Amount     |                                  |                   |                        |   |  |  |                                  |           |
|   | Balance, December 31, 2023 | 27,101,613 | \$ 278                           | \$ 379,535        | \$ (3,696)             | \$ (346,868)                                  | \$ (1,540)   | \$ 27,709  | \$ (3,098)                       | \$ 24,611 |
| Vesting of restricted stock awards  | 600,000                    | 5          | —                                | —                 | —                      | —   | 5  | —  | 5                                |           |
| Tax withholding related to net of<br>share settlement of restricted<br>stock awards | (264,936)                  | (2)        | (2,198)                          | —                 | —                      | —   | (2,200)  | —  | (2,200)                          |           |
| Purchase of noncontrolling<br>interest  | —                          | —          | (2,500)                          | —                 | 2,357                  | (29)  | (172)  | (2,328)  | (2,500)                          |           |
| Net (loss) income   | —                          | —          | —                                | —                 | (7,650)                | —   | (7,650)  | 825  | (6,825)                          |           |
| Preferred stock dividends   | —                          | —          | —                                | —                 | (13)                   | —   | (13)   | —  | (13)                             |           |
| Distributions to noncontrolling<br>interest holders                                 | —                          | —          | —                                | —                 | —                      | —   | —  | (1,413)  | (1,413)                          |           |
| Dissolution of noncontrolling<br>interest   | —                          | —          | —                                | —                 | (7,491)                | —   | (7,491)  | 7,491  | —                                |           |
| Repurchases of common stock   | (312,850)                  | —          | —                                | (2,504)           | —                      | —   | (2,504)  | —  | (2,504)                          |           |
| Other comprehensive income  | —                          | —          | —                                | —                 | —                      | 807   | 807  | 10   | 817                              |           |
| Stock-based compensation  | —                          | —          | 1,447                            | —                 | —                      | —   | 1,447  | —  | 1,447                            |           |
| Balance, September 30, 2024   | 27,123,827                 | \$ 281     | \$ 376,284                       | \$ (6,200)        | \$ (359,665)           | \$ (762)                                      | \$ 9,938   | \$ 1,487   | \$ 11,425                        |           |

See accompanying notes to unaudited consolidated financial statements.

## KINGSWAY FINANCIAL SERVICES INC.

**Consolidated Statements of Cash Flows**  
**(in thousands)**  
**(Unaudited)**

|   | Nine months ended September 30, |               |
|---|---------------------------------|---------------|
|   | 2025                            | 2024          |
| <b>Operating activities:</b>  |                                 |               |
| Net loss  | \$ (8,668)                      | \$ (6,825)    |
| Adjustments to reconcile net loss to net cash provided by operating activities:                     |                                 |               |
| Income from discontinued operations, net of taxes   | —                               | (439)         |
| Loss on disposal of discontinued operations, net of taxes   | —                               | 620           |
| Equity in net loss of limited liability investments   | 1                               | 161           |
| Depreciation and amortization expense   | 6,388                           | 4,841         |
| Stock-based compensation expense  | 1,391                           | 1,447         |
| Net realized gains  | (52)                            | (1,359)       |
| Net loss on change in fair value of equity investments  | —                               | 3             |
| Gain on change in fair value of limited liability investment, at fair value                         | (289)                           | (173)         |
| Impairment of intangible assets   | 468                             | 1,841         |
| (Gain) loss on change in fair value of debt   | (1)                             | 48            |
| Loss on change in fair value of derivatives   | —                               | 49            |
| Loss on change in fair value of contingent consideration  | —                               | 270           |
| Deferred income taxes, adjusted for liabilities acquired  | (2,724)                         | (200)         |
| Amortization of fixed maturities premiums and discounts   | (43)                            | (14)          |
| Loss on extinguishment of debt  | 236                             | 160           |
| Changes in operating assets and liabilities:  |                                 |               |
| Service fee receivable, net, adjusted for assets acquired   | (1)                             | 784           |
| Other receivables, net, adjusted for assets acquired  | (47)                            | (19)          |
| Deferred contract costs   | (1,019)                         | (360)         |
| Other assets, adjusted for assets acquired  | (317)                           | (354)         |
| Deferred service fees   | 4,307                           | 663           |
| Other, net, adjusted for liabilities acquired   | 377                             | (432)         |
| Cash provided by operating activities - continuing operations                                       | 7                               | 712           |
| Cash provided by operating activities - discontinued operations                                     | —                               | 462           |
| Net cash provided by operating activities   | 7                               | 1,174         |
| <b>Investing activities:</b>  |                                 |               |
| Proceeds from sales and maturities of fixed maturities  | 7,745                           | 5,618         |
| Proceeds from sales of equity investments   | —                               | 77            |
| Purchases of fixed maturities   | (7,437)                         | (5,133)       |
| Net proceeds from limited liability investment, at fair value                                       | 130                             | 2,238         |
| Net proceeds from investments in private companies  | 130                             | 257           |
| Net purchases of short-term investments   | (5)                             | —             |
| Net proceeds from sale of discontinued operation  | —                               | 1,136         |
| Acquisition of businesses, net of cash acquired   | (29,555)                        | (20,016)      |
| Acquisition of assets   | (188)                           | —             |
| Net purchases of property and equipment, adjusted for assets acquired                               | (712)                           | (587)         |
| Cash used in investing activities - continuing operations   | (29,892)                        | (16,410)      |
| Cash used in investing activities - discontinued operations   | —                               | —             |
| Net cash used in investing activities   | (29,892)                        | (16,410)      |
| <b>Financing activities:</b>  |                                 |               |
| Proceeds from issuance of common stock, net   | 15,602                          | —             |
| Proceeds from issuance of preferred stock   | 8,000                           | 8,250         |
| Cash paid for repurchase of common stock  | (345)                           | (2,504)       |
| Cash paid to acquire noncontrolling interest  | —                               | (2,500)       |
| Distributions to noncontrolling interest holders  | —                               | (1,413)       |
| Payment of preferred stock dividends  | (674)                           | —             |
| Payment of contingent consideration from acquisition  | (420)                           | —             |
| Taxes paid related to net share settlements of restricted stock awards                              | —                               | (2,195)       |
| Principal proceeds from bank loans, net of debt issuance costs of \$389 in 2025 and \$287 in 2024   | 24,059                          | 33,663        |
| Principal payments on bank loans  | (12,572)                        | (19,963)      |
| Principal payments on note payable  | (72)                            | —             |
| Cash provided by financing activities - continuing operations                                       | 33,578                          | 13,338        |
| Cash used in financing activities - discontinued operations   | —                               | (435)         |
| Net cash provided by financing activities   | 33,578                          | 12,903        |
| Net increase (decrease) in cash and cash equivalents and restricted cash from continuing operations | 3,693                           | (2,360)       |
| Cash and cash equivalents and restricted cash at beginning of period                                | 13,136                          | 18,110        |
| Less: cash and cash equivalents and restricted cash of discontinued operations                      | —                               | 612           |
| Cash and cash equivalents and restricted cash of continuing operations at beginning of period       | 13,136                          | 17,498        |
| Cash and cash equivalents and restricted cash of continuing operations at end of period             | \$ 16,829                       | \$ 15,138     |
| (in thousands)  |                                 | September 30, |
|   | 2025                            | 2024          |
| Reconciliation of cash and cash equivalents and restricted cash to the consolidated balance sheets: |                                 |               |
| Cash and cash equivalents   | \$ 9,291                        | \$ 6,508      |
| Restricted cash   | 7,538                           | 8,630         |
| Cash and cash equivalents and restricted cash per statements of cash flows                          | \$ 16,829                       | \$ 15,138     |

*See accompanying notes to unaudited consolidated financial statements.*

**NOTE 1 BUSINESS**

Kingsway Financial Services Inc. (the "Company" or "Kingsway") was incorporated under the Business Corporations Act (Ontario) on September 19, 1989. Effective December 31, 2018, the Company changed its jurisdiction of incorporation from the province of Ontario, Canada, to the State of Delaware. Kingsway is a holding company with operating subsidiaries located in the United States and is the only publicly-traded US company employing the Search Fund model to acquire and build great businesses. The Company owns and operates a collection of high-quality B2B and B2C services companies that are asset-light, growing, profitable, and that have recurring revenues. Kingsway seeks to compound long-term shareholder value on a per share basis via its decentralized management model, its talented team of operators, and its tax-advantaged corporate structure.

**NOTE 2 BASIS OF PRESENTATION**

The accompanying unaudited consolidated interim 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 and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements of the Company. In the opinion of management, all adjustments necessary for a fair presentation have been included and are of a normal recurring nature. Interim results are not necessarily indicative of the results that may be expected for the year.

The accompanying unaudited consolidated interim financial statements and footnotes should be read in conjunction with the audited consolidated financial statements and footnotes included within our Annual Report on Form 10-K ("2024 Annual Report") for the year ended December 31, 2024.

The unaudited consolidated interim financial statements include the accounts of the Company and its subsidiaries, as well as certain variable interest entities as further described in Note 6, "Variable Interest Entities," to the consolidated financial statements in the 2024 Annual Report. All material intercompany transactions and balances have been eliminated in consolidation.

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and classifications of assets and liabilities, revenues and expenses, and the related disclosures of contingent assets and liabilities in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates. Estimates and their underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recorded in the accounting period in which they are determined.

The critical accounting estimates and assumptions in the accompanying unaudited consolidated interim financial statements include, but are not limited to, revenue recognition; valuation of fixed maturity investments; impairment assessment of investments; valuation of limited liability investment, at fair value; valuation of deferred income taxes; accounting for business combinations; valuation and impairment assessment of intangible assets; goodwill recoverability; valuation of contingent consideration; fair value assumptions for subordinated debt obligations; and fair value assumptions for subsidiary stock-based compensation awards.

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications had no impact on previously reported net loss or total assets, liabilities or shareholders' equity.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

There have been no material changes to our significant accounting policies as reported in our 2024 Annual Report.

**NOTE 4 RECENTLY ISSUED ACCOUNTING STANDARDS****(a) Adoption of New Accounting Standards:**

Effective January 1, 2025, the Company adopted ASU 2024-02, *Codification Improvements - Amendments to Remove References to the Concepts Statements* ("ASU 2024-02"). ASU 2024-02 amends the Codification to remove references to various concepts statements and impacts a variety of topics in the Codification. The amendments apply to all reporting entities within the scope of the affected accounting guidance, but in most instances the references removed are extraneous and not required to understand or apply the guidance. Generally, the amendments in ASU 2024-02 are not intended to result in significant accounting changes for most entities. The adoption of ASU 2024-02 did not have an impact on the Company's consolidated financial statements.

**(b) Accounting Standards Not Yet Adopted:**

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-09, *Improvements to Income Tax Disclosures* ("ASU 2023-09"), which requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. ASU 2023-09 is effective for public companies for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact the adoption of this standard; however it is anticipated that the adoption will expand the Company's annual income tax disclosures included in our 2025 Annual Report on Form 10K.

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In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative* ("ASU 2023-06"), which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification. For SEC registrants, the effective date for each amendment will be the date on which the SEC's removal of that related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Company will monitor the removal of various requirements from the current regulations in order to determine when to adopt the related amendments, but does not anticipate the adoption of the new guidance will have a material impact on the Company's consolidated financial statements. The Company will continue to evaluate the impact of this guidance on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* ("ASU 2024-03"). ASU 2024-03 requires new financial statement disclosures in tabular format, disaggregating information about prescribed categories underlying any relevant income statement expense caption. Qualitative disclosures about any remaining amounts in relevant expense line items must be provided. Separate disclosures of total selling expenses and an entity's definition of those expenses are also required. ASU 2024-03 is effective for public companies with annual periods beginning after December 15, 2026, and interim periods within annual period beginning after December 15, 2027, with early adoption permitted. The Company expects the adoption of the standard to result in additional disaggregation of expense captions within its footnote disclosures.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which amends the guidance on measuring expected credit losses using a probabilistic method and provides a practical expedient for all entities that simplifies the estimation of expected credit losses for current trade accounts receivable and contract assets arising from revenue transactions. ASU 2025-06 is effective for public business entities for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the timing of adoption and the potential impact of this new guidance on its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, to modernize the accounting guidance for the costs to develop software for internal use. ASU 2025-06 applies to costs incurred to develop or obtain software for internal use and amends the existing standard that refers to various stages of a software development project to align better with current software development methods. Under ASU 2025-06, entities will commence capitalizing eligible costs when (i) management has authorized and committed to funding the software project, and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. ASU 2025-06 is effective for public business entities for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. Early adoption is permitted for any interim period. The Company does not anticipate the adoption of the new guidance will have a material impact on the Company's consolidated financial statements. The Company will continue to evaluate the impact of this guidance on its consolidated financial statements.

## NOTE 5 ACQUISITIONS AND DISCONTINUED OPERATIONS

### (a) Business Combinations

#### Roundhouse Electric & Equipment Co., Inc.

On July 1, 2025, the Company acquired 100% of the outstanding equity interests of Roundhouse Electric & Equipment Co., Inc. ("Roundhouse") for aggregate consideration consisting of cash and phantom equity awards to the selling stockholders, of approximately \$23.5 million, less certain escrowed amounts for purposes of indemnification claims and working capital adjustments. Roundhouse, based in Odessa, Texas, is a provider of industrial-scale electric motor maintenance, repair, testing, and sales solutions primarily to midstream natural gas pipeline operators and utilities across the Permian Basin. As further discussed in Note 20, "Segmented Information," Roundhouse is included in the Kingsway Search Xcelerator segment. This acquisition was the Company's eighth acquisition under its novel CEO Accelerator program and further expands the Company's portfolio of businesses with recurring revenue and low capital intensity.

This acquisition was accounted for as a business combination using the acquisition method of accounting. The purchase price was provisionally allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition and are subject to adjustment during a measurement period subsequent to the acquisition date, not to exceed one year, as permitted under U.S. GAAP. The Company expects to complete its purchase price allocation within the next six months. These estimates, allocations and calculations are subject to change as we obtain further information; therefore, the final fair values of the assets acquired and liabilities assumed could change from the estimates included in these consolidated financial statements.

Refer to Note 8, "Intangible Assets," for further disclosure of the intangible assets related to this acquisition. The goodwill of \$9.1 million represents the premium paid over the fair value of the net tangible and intangible assets acquired, which the Company paid to grow its portfolio of companies and acquire an assembled workforce. The goodwill is not deductible for tax purposes. The preliminary fair value of the acquired service fee receivable of \$4.3 million is equivalent to its gross contractual amount. The estimated fair value of the seller phantom equity awards at the acquisition date of \$3.3 million was determined based on the economic value of the phantom equity as of the acquisition date, which was derived from the fair value of Roundhouse, net of any debt, and is recorded in accrued expenses and other liabilities in the consolidated balance sheet at September 30, 2025. See Note 21, "Fair Value of Financial Instruments," for further discussion related to the seller phantom equity awards.

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The following table summarizes the preliminary purchase price of Roundhouse:

| (in thousands)               |    | July 1, 2025 |
|------------------------------|----|--------------|
| Preliminary purchase price:  |    | 23,529       |
| Cash paid at closing         | \$ | 20,201       |
| Seller phantom equity awards |    | 3,328        |
| Total purchase price         | \$ | 23,529       |

The following table summarizes the preliminary allocation of the Roundhouse purchase price and the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

| (in thousands)  |    | July 1, 2025 |
|---|----|--------------|
| Preliminary purchase price  | \$ | 23,529       |
| Cash and cash equivalents   | \$ | 333          |
| Service fee receivable  |    | 4,259        |
| Other receivables   |    | 12           |
| Property and equipment, net                                       |    | 2,355        |
| Intangible asset not subject to amortization - trade name         |    | 1,220        |
| Intangible asset subject to amortization - customer relationships |    | 11,000       |
| Other assets - inventory and prepaid expenses                     |    | 882          |
| Total assets  | \$ | 20,061       |
| Accrued expenses and other liabilities                            | \$ | 2,584        |
| Income taxes payable  |    | 91           |
| Net deferred income tax liabilities                               |    | 2,927        |
| Total liabilities   | \$ | 5,602        |
| Total identifiable assets and liabilities                         | \$ | 14,459       |
| Excess purchase price allocated to goodwill                       | \$ | 9,070        |

The unaudited consolidated statements of operations include the earnings of Roundhouse from the date of acquisition. From the date of acquisition through September 30, 2025, Roundhouse earned revenue of \$4.9 million and had net income of \$3.0 million, primarily related to a tax benefit recognized for the partial release of the Company's deferred tax valuation allowance related to the acquired deferred tax liabilities. During the three and nine months ended September 30, 2025, the Company incurred expenses related to the acquisition of Roundhouse of \$0.5 million, which are included in general and administrative expenses in the unaudited consolidated statements of operations for the three and nine months ended September 30, 2025.

**AAA Flexible Pipe Cleaning Corporation (d/b/a AAA Advanced Plumbing & Drain)**

On August 1, 2025, the Company (through its newly formed subsidiary, Advanced Plumbing & Drain LLC) acquired substantially all of the assets and certain specified liabilities of AAA Flexible Pipe Cleaning Corporation (d/b/a AAA Advanced Plumbing & Drain, "Advanced Plumbing") for aggregate consideration consisting of cash, a seller note and contingent consideration, of approximately \$3.9 million, less certain escrowed amounts for purposes of indemnification claims and working capital adjustments. The Company will also pay additional contingent consideration, only to the extent earned, in an aggregate amount of up to \$1.5 million, which is subject to certain conditions, including growth in adjusted EBITDA for Advanced Plumbing during the three-year period following the acquisition date.

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Advanced Plumbing, based in Cleveland, Ohio, is a provider of various plumbing installation, service and repair services to residential and commercial customers. As further discussed in Note 20, "Segmented Information," Advanced Plumbing is included in the Kingsway Search Xcelerator segment. This acquisition was the Company's ninth acquisition under its novel CEO Accelerator program and the second business operated under the Kingsway Skilled Trades platform and further expands the Company's portfolio of businesses with recurring revenue and low capital intensity.

This acquisition was accounted for as a business combination using the acquisition method of accounting. The purchase price was provisionally allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition and are subject to adjustment during a measurement period subsequent to the acquisition date, not to exceed one year, as permitted under U.S. GAAP. The Company expects to complete its purchase price allocation within the next six months. These estimates, allocations and calculations are subject to change as we obtain further information; therefore, the final fair values of the assets acquired and liabilities assumed could change from the estimates included in these consolidated financial statements.

Refer to Note 8, "Intangible Assets," for further disclosure of the intangible assets related to this acquisition. The goodwill of \$0.6 million represents the premium paid over the fair value of the net tangible and intangible assets acquired, which the Company paid to grow its portfolio of companies and acquire an assembled workforce. The goodwill is not deductible for tax purposes. The preliminary fair value of the acquired service fee receivable of \$0.5 million is equivalent to its gross contractual amount. The estimated fair value of the contingent consideration obligation at the acquisition date of \$0.8 million was determined using a Monte Carlo simulation based on forecasted future results, and is recorded in accrued expenses and other liabilities in the consolidated balance sheets. See Note 21, "Fair Value of Financial Instruments," for further discussion related to the contingent consideration.

The following table summarizes the preliminary purchase price of Advanced Plumbing:

| (in thousands)              | August 1, 2025  |
|-----------------------------|-----------------|
| Preliminary purchase price: |                 |
| Cash paid at closing        | \$ 2,652        |
| Seller note                 | 420             |
| Contingent consideration    | 790             |
| <b>Total purchase price</b> | <b>\$ 3,862</b> |

The following table summarizes the preliminary allocation of the Advanced Plumbing purchase price and the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

| (in thousands)  | August 1, 2025  |
|---|-----------------|
| Preliminary purchase price  | \$ 3,862        |
| Cash and cash equivalents   | 23              |
| Service fee receivable  | 503             |
| Other receivables   | 6               |
| Property and equipment, net                                       | 610             |
| Intangible asset not subject to amortization - trade name         | 1,600           |
| Intangible asset subject to amortization - customer relationships | 1,100           |
| Other assets - inventory  | 143             |
| <b>Total assets</b>   | <b>\$ 3,985</b> |
| Accrued expenses and other liabilities                            | \$ 717          |
| <b>Total liabilities</b>  | <b>\$ 717</b>   |
| <b>Total identifiable assets and liabilities</b>                  | <b>\$ 3,268</b> |
| <b>Excess purchase price allocated to goodwill</b>                | <b>\$ 594</b>   |

The unaudited consolidated statements of operations include the earnings of Advanced Plumbing from the date of acquisition. From the date of acquisition through September 30, 2025, Advanced Plumbing earned revenue of \$1.2 million and had net loss of less than \$0.1 million. During the three and nine months ended September 30, 2025, the Company incurred expenses related to the acquisition of Advanced Plumbing of \$0.2 million, which are included in general and administrative expenses in the unaudited consolidated statements of operations for the three and nine months ended September 30, 2025.

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**Efficient Plumbing, LLC (d/b/a Southside Plumbing)**

On August 14, 2025, the Company acquired 80% of the outstanding membership interests of Efficient Plumbing, LLC (d/b/a Southside Plumbing, "Southside Plumbing") for aggregate consideration consisting of cash, a seller note and contingent consideration, of approximately \$4.7 million, less certain escrowed amounts for purposes of indemnification claims and working capital adjustments. The Company will also pay additional contingent consideration, only to the extent earned, in an aggregate amount of up to \$1.125 million, which is subject to certain conditions, including growth in adjusted EBITDA for Southside Plumbing during the three-year period following the acquisition date. The 20% noncontrolling interest in Southside Plumbing is redeemable by the holder of the noncontrolling interest and includes a put option redemption feature that is outside of the Company's control; therefore, the 20% interest is treated as redeemable noncontrolling interest and is presented outside of permanent equity in the consolidated balance sheets. See Note 17, "Redeemable Noncontrolling Interest," for further discussion related to the redeemable noncontrolling interest.

Southside Plumbing, based in Omaha, Nebraska, is a provider of various plumbing installation, service and repair services to residential and commercial customers. As further discussed in Note 20, "Segmented Information," Southside Plumbing is included in the Kingsway Search Xcelerator segment. This acquisition was the Company's tenth acquisition under its novel CEO Accelerator program and the third business operated under the Kingsway Skilled Trades platform and further expands the Company's portfolio of businesses with recurring revenue and low capital intensity.

This acquisition was accounted for as a business combination using the acquisition method of accounting. The purchase price was provisionally allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition and are subject to adjustment during a measurement period subsequent to the acquisition date, not to exceed one year, as permitted under U.S. GAAP. The Company expects to complete its purchase price allocation within the next three months. These estimates, allocations and calculations are subject to change as we obtain further information; therefore, the final fair values of the assets acquired and liabilities assumed could change from the estimates included in these consolidated financial statements.

Refer to Note 8, "Intangible Assets," for further disclosure of the intangible assets related to this acquisition. The goodwill of \$2.6 million represents the premium paid over the fair value of the net tangible and intangible assets acquired, which the Company paid to grow its portfolio of companies and acquire an assembled workforce. The goodwill is not deductible for tax purposes. The preliminary fair value of the acquired service fee receivable of \$0.3 million is equivalent to its gross contractual amount. The estimated fair value of the contingent consideration obligation at the acquisition date of \$0.2 million was determined using a Monte Carlo simulation based on forecasted future results, and is recorded in accrued expenses and other liabilities in the consolidated balance sheets. The fair value of the 20% redeemable noncontrolling interest in Southside Plumbing at the date of acquisition of \$0.9 million was estimated by applying a market approach. See Note 21, "Fair Value of Financial Instruments," for further discussion related to the contingent consideration and redeemable noncontrolling interest.

The following table summarizes the preliminary purchase price of Southside Plumbing:

| (in thousands)              |           | August 14, 2025 |
|-----------------------------|-----------|-----------------|
| Preliminary purchase price: |           | 4,040           |
| Cash paid at closing        | \$        | 4,040           |
| Seller note                 |           | 420             |
| Contingent consideration    |           | 190             |
| <b>Total purchase price</b> | <b>\$</b> | <b>4,650</b>    |

The following table summarizes the preliminary allocation of the Southside Plumbing purchase price and the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

| (in thousands)  |           | August 14, 2025 |
|---|-----------|-----------------|
| Preliminary purchase price  | \$        | 4,650           |
| Cash and cash equivalents   | \$        | 94              |
| Service fee receivable  |           | 334             |
| Property and equipment, net                                       |           | 1,087           |
| Intangible asset not subject to amortization - trade name         |           | 1,100           |
| Intangible asset subject to amortization - customer relationships |           | 1,000           |
| Other assets - inventory and prepaid expenses                     |           | 58              |
| <b>Total assets</b>   | <b>\$</b> | <b>3,673</b>    |
| Accrued expenses and other liabilities                            | \$        | 685             |
| <b>Total liabilities</b>  | <b>\$</b> | <b>685</b>      |
| <b>Total identifiable assets and liabilities</b>                  | <b>\$</b> | <b>2,988</b>    |
| <b>Redeemable noncontrolling interest</b>                         | <b>\$</b> | <b>925</b>      |
| <b>Excess purchase price allocated to goodwill</b>                | <b>\$</b> | <b>2,587</b>    |

The unaudited consolidated statements of operations include the earnings of Southside Plumbing from the date of acquisition. From the date of acquisition through September 30, 2025, Southside Plumbing earned revenue of \$0.5 million and had net loss of \$0.2 million. During the three and nine months ended September 30, 2025, the Company incurred expenses related to the acquisition of Southside Plumbing of \$0.2 million, which are included in general and administrative expenses in the unaudited consolidated statements of operations for the three and nine months ended September 30, 2025.

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**M.L.C. Plumbing, LLC (d/b/a Bud's Plumbing)**

On March 14, 2025, the Company acquired 100% of the outstanding membership interests of M.L.C. Plumbing, LLC (d/b/a Bud's Plumbing Service, "Bud's Plumbing") for aggregate consideration consisting of cash and a seller note, of approximately \$5.0 million, less certain escrowed amounts for purposes of indemnification claims. The final purchase price was subject to a working capital true-up of less than \$0.1 million that was paid during the second quarter of 2025. Bud's Plumbing, based in Evansville, Indiana, is a provider of various plumbing installation, service and repair services to residential and commercial customers. As further discussed in Note 20, "Segmented Information," Bud's Plumbing is included in the Kingsway Search Xcelerator segment. This acquisition was the Company's seventh acquisition under its novel CEO Accelerator program and the first business operated under the Kingsway Skilled Trades platform and further expands the Company's portfolio of businesses with recurring revenue and low capital intensity.

This acquisition was accounted for as a business combination using the acquisition method of accounting. The purchase price was provisionally allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition and are subject to adjustment during a measurement period subsequent to the acquisition date, not to exceed one year, as permitted under U.S. GAAP. During the third quarter of 2025, the Company finalized its fair value analysis of the assets acquired and liabilities assumed with the assistance of a third party.

Refer to Note 8, "Intangible Assets," for further disclosure of the intangible assets related to this acquisition. The goodwill of \$1.0 million represents the premium paid over the fair value of the net tangible and intangible assets acquired, which the Company paid to grow its portfolio of companies and acquire an assembled workforce. The goodwill is not deductible for tax purposes.

The following table summarizes the purchase price of Bud's Plumbing:

| (in thousands)              | March 14, 2025  |
|-----------------------------|-----------------|
| Purchase price:             |                 |
| Cash paid at closing        | \$ 3,829        |
| Working capital adjustment  | 31              |
| Seller note                 | 1,100           |
| <b>Total purchase price</b> | <b>\$ 4,960</b> |

The following table summarizes the allocation of the Bud's Plumbing purchase price and the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

| (in thousands)  | March 14, 2025  |
|---|-----------------|
| <b>Purchase price</b>   | <b>\$ 4,960</b> |
| Cash and cash equivalents   | \$ 308          |
| Service fee receivable  | 46              |
| Property and equipment  | 173             |
| Intangible asset not subject to amortization - trade name         | 3,100           |
| Intangible asset subject to amortization - customer relationships | 500             |
| Other assets - inventory and prepaid expenses                     | 226             |
| <b>Total assets</b>   | <b>\$ 4,353</b> |
| Accrued expenses and other liabilities                            | \$ 388          |
| <b>Total liabilities</b>  | <b>\$ 388</b>   |
| <b>Total identifiable assets and liabilities</b>                  | <b>\$ 3,965</b> |
| <b>Excess purchase price allocated to goodwill</b>                | <b>\$ 995</b>   |

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The fair value of the acquired service fee receivable of less than \$0.1 million is equivalent to its gross contractual amount. The unaudited consolidated statements of operations include the earnings of Bud's Plumbing from the date of acquisition. From the date of acquisition through September 30, 2025, Bud's Plumbing earned revenue of \$3.7 million and had net income of \$0.1 million. During the three and nine months ended September 30, 2025, the Company incurred expenses related to the acquisition of Bud's Plumbing of \$0.1 million and \$0.5 million, respectively, which are included in general and administrative expenses in the unaudited consolidated statements of operations for the three and nine months ended September 30, 2025.

The seller note was due to mature on April 1, 2030; however, on August 7, 2025, the seller note was repaid in full to the seller of Bud's Plumbing in exchange for shares of Kingsway common stock. See Note 18, "Shareholders' Equity," for further discussion of the exchange.

**Image Solutions, LLC**

On September 26, 2024, the Company acquired 100% of the outstanding membership interests of Image Solutions, LLC ("Image Solutions") for aggregate cash consideration of \$20.4 million, less certain escrowed amounts for purposes of indemnification claims. The final purchase price was subject to a working capital true-up due to the Company of \$0.3 million that was finalized during the third quarter of 2025. Image Solutions, based in Fletcher, North Carolina, is an information technology managed services provider. As further discussed in Note 20, "Segmented Information," Image Solutions is included in the Kingsway Search Xcelerator segment. This acquisition was the Company's sixth acquisition under its novel CEO Accelerator program and further expands the Company's portfolio of businesses with recurring revenue and low capital intensity.

This acquisition was accounted for as a business combination using the acquisition method of accounting. The purchase price was provisionally allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition and are subject to adjustment during a measurement period subsequent to the acquisition date, not to exceed one year, as permitted under U.S. GAAP. During the third quarter of 2025, the Company finalized its fair value analysis of the assets acquired and liabilities assumed with the assistance of a third party.

The Company records measurement period adjustments in the period in which the adjustments occur. During the nine months ended September 30, 2025, the Company recorded a measurement period adjustment that increased goodwill by \$0.1 million compared to the amount recorded at December 31, 2024. The measurement period adjustment primarily reflects changes in the estimated fair value of inventory.

Refer to Note 8, "Intangible Assets," for further disclosure of the intangible assets related to this acquisition. The goodwill of \$6.3 million represents the premium paid over the fair value of the net tangible and intangible assets acquired, which the Company paid to grow its portfolio of companies and acquire an assembled workforce. The goodwill is not deductible for tax purposes.

The following table summarizes the purchase price of Image Solutions:

| (in thousands)              | September 26, 2024 |
|-----------------------------|--------------------|
| Purchase price:             |                    |
| Cash paid at closing        | \$ 20,354          |
| Working capital adjustment  | (309)              |
| <b>Total purchase price</b> | <b>\$ 20,045</b>   |

The following table summarizes the allocation of the Image Solutions purchase price and the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

| (in thousands)  | September 26, 2024 |
|---|--------------------|
| <b>Purchase Price</b>   | <b>\$ 20,045</b>   |
| Cash and cash equivalents   | \$ 293             |
| Service fee receivable  | 575                |
| Other receivables   | 160                |
| Property and equipment  | 85                 |
| Intangible asset not subject to amortization - trade name         | 1,500              |
| Intangible asset subject to amortization - customer relationships | 11,100             |
| Other assets - inventory and prepaid expenses                     | 870                |
| <b>Total assets</b>   | <b>\$ 14,583</b>   |
| Accrued expenses and other liabilities                            | \$ 799             |
| <b>Total liabilities</b>  | <b>\$ 799</b>      |
| <b>Total identifiable assets and liabilities</b>                  | <b>\$ 13,784</b>   |
| <b>Excess purchase price allocated to goodwill</b>                | <b>\$ 6,261</b>    |

The fair value of the acquired service fee receivable of \$0.6 million is equivalent to its gross contractual amount.

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**Unaudited Pro Forma Summary - 2025 Acquisitions**

The following unaudited pro forma summary presents the Company's consolidated financial statements for the three and nine months ended September 30, 2025 and September 30, 2024 as if Roundhouse, Bud's Plumbing, Advanced Plumbing and Southside Plumbing had been acquired on January 1, 2024. The pro forma summary is presented for illustrative purposes only and does not purport to represent the results of our operations that would have actually occurred had the acquisitions occurred as of the beginning of the period presented or project our results of operations as of any future date or for any future period, as applicable. The pro forma results primarily include purchase accounting adjustments related to the acquisition of Roundhouse, Bud's Plumbing, Advanced Plumbing and Southside Plumbing, interest expense and the amortization of debt issuance costs and discounts associated with the related financing obtained in connection with the Roundhouse and Southside Plumbing acquisitions (see Note 10, "Debt,"), tax related adjustments and acquisition-related expenses.

| (in thousands, except per share data)                               | Three months ended September 30, |            | Nine months ended September 30, |            |
|---|----------------------------------|------------|---------------------------------|------------|
|   | 2025                             | 2024       | 2025                            | 2024       |
| Revenues  | \$ 38,314                        | \$ 35,405  | \$ 115,396                      | \$ 103,628 |
| Loss from continuing operations attributable to common shareholders | \$ (4,671)                       | \$ (2,796) | \$ (9,752)                      | \$ (6,370) |
| Basic loss per share - continuing operations                        | \$ (0.16)                        | \$ (0.10)  | \$ (0.35)                       | \$ (0.23)  |
| Diluted loss per share - continuing operations                      | \$ (0.16)                        | \$ (0.10)  | \$ (0.35)                       | \$ (0.23)  |

**Unaudited Pro Forma Summary - 2024 Acquisition**

The following unaudited pro forma summary presents the Company's consolidated financial statements for the three and nine months September 30, 2024 as if Image Solutions had been acquired on January 1, 2023. The pro forma summary is presented for illustrative purposes only and does not purport to represent the results of our operations that would have actually occurred had the acquisition occurred as of the beginning of the period presented or project our results of operations as of any future date or for any future period, as applicable. The pro forma results primarily include purchase accounting adjustments related to the acquisition of Image Solutions, interest expense and the amortization of debt issuance costs and discounts associated with the related financing obtained in connection with the Roundhouse and Image Solutions acquisitions (see Note 10, "Debt,") and acquisition-related expenses.

| (in thousands, except per share data)                               | Three months ended |            | Nine months ended |      |
|---|--------------------|------------|-------------------|------|
|   | September 30,      |            | September 30,     |      |
|   | 2024               | 2024       | 2024              | 2024 |
| Revenues  | \$ 29,326          | \$ 86,584  |                   |      |
| Loss from continuing operations attributable to common shareholders | \$ (3,104)         | \$ (8,025) |                   |      |
| Basic loss per share - continuing operations                        | \$ (0.11)          | \$ (0.29)  |                   |      |
| Diluted loss per share - continuing operations                      | \$ (0.11)          | \$ (0.29)  |                   |      |

**(b) Discontinued Operations**

**Leased Real Estate Segment**

The Company's subsidiaries, VA Lafayette, LLC ("VA Lafayette") and CMC Industries Inc. ("CMC"), which included CMC's subsidiaries Texas Rail Terminal LLC and TRT Leaseco, LLC ("TRT"), comprised the Company's entire Leased Real Estate segment prior to the fourth quarter of 2022. Each of CMC, through indirect wholly owned subsidiary, TRT, and VA Lafayette own a single asset, which is real estate property. On December 29, 2022, TRT sold its assets and at December 31, 2022, VA Lafayette was classified as held for sale.

In accordance with ASU No. 2014-08, *Reporting of Discontinued Operations and Disclosures of Disposals of Components of an Entity*, a disposal is categorized as a discontinued operation if the disposal group is a component of an entity or group of components that meets the held for sale criteria, is disposed of by sale, or is disposed of other than by sale, and represents a strategic shift that has or will have a major effect on an entity's operations and financial results.

Leased Real Estate was a component of Kingsway since its operations and cash flows could be clearly distinguished, both operationally and for financial reporting purposes, from the rest of the reporting entity. A component of an entity may consist of multiple disposal groups and does not need to be disposed of in a single transaction. The disposal of the Leased Real Estate segment represents a strategic shift that will have a major effect on the Company's operations and financial results, as the disposal of the Leased Real Estate assets was in excess of 20% of the entity's total assets. As a result, the operating results and cash flows related to Leased Real Estate have been classified as discontinued operations in the unaudited consolidated interim financial statements for all periods presented.

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*VA Lafayette*

During the fourth quarter of 2022, the Company began executing a plan to sell its subsidiary, VA Lafayette. VA Lafayette owns the LA Real Property, that is subject to a long-term lease and the LA Mortgage. During the second quarter of 2024, the Company entered into a letter of intent for the sale of VA Lafayette. On August 16, 2024, the Company completed the sale of VA Lafayette to an entity associated with a current holder of the Company's Class B Preferred Stock (the sale occurred prior to negotiations regarding the issuance of the Class B Preferred Stock). Refer to Note 22, "Related Parties," for further disclosure. The purchase price paid by the purchaser at the closing consisted of \$1.3 million in cash plus the assumption of the unpaid principal balance as of the closing of the LA Mortgage of approximately \$11.8 million, netting cash proceeds of \$1.1 million to Kingsway after expenses.

As part of recognizing the business as held for sale, the Company was required to measure VA Lafayette at the lower of its carrying amount or fair value less cost to sell. As a result of this analysis, during the first quarter of 2024, the Company recognized an estimated non-cash, loss on disposal of \$0.4 million, which is included in loss on disposal of discontinued operations, net of taxes in the consolidated statements of operations for the nine months ended September 30, 2024. The loss is a result of adjusting the net carrying value of VA Lafayette to be equal to the estimated selling price and was determined by comparing the expected cash consideration received for the sale of VA Lafayette with the net assets of VA Lafayette.

Summary financial information for Leased Real Estate included in income from discontinued operations, net of taxes in the unaudited consolidated statement of operations for the three and nine months ended September 30, 2024 is presented below:

| (in thousands)  | Three months ended<br>September 30,<br>2024 | Nine months ended<br>September 30,<br>2024 |
|---|---|--|
| Income from discontinued operations, net of taxes:            |   |  |
| Revenues:   |   |  |
| Rental revenue  | \$ 157                                      | \$ 890                                     |
| Total revenues  | 157   | 890  |
| Expenses:   |   |  |
| Cost of services sold   | 31  | 136  |
| General and administrative expenses                           | 8   | 128  |
| Leased real estate segment interest expense                   | 43  | 218  |
| Total expenses  | 82  | 482  |
| Non-operating other revenue                                   | 6   | 31   |
| Income from discontinued operations before income tax expense | 81  | 439  |
| Income tax expense  | —   | —  |
| Income from discontinued operations, net of taxes             | \$ 81                                       | \$ 439                                     |

For the three and nine months ended September 30, 2024, all of the pre-tax income from discontinued operations disclosed in the table above is attributable to the controlling interest.

Loss on disposal of discontinued operations, net of taxes, related to Leased Real Estate, in the unaudited consolidated statement of operations for the three and nine months ended September 30, 2024 is comprised of \$0.2 million and \$0.6 million, respectively, of loss on disposal of discontinued operations before income tax benefit and income tax benefit of zero.

**NOTE 6 INVESTMENTS**

The amortized cost, gross unrealized gains and losses included in accumulated other comprehensive loss, and estimated fair value of the Company's available-for-sale investments at September 30, 2025 and December 31, 2024 are summarized in the tables shown below:

| (in thousands)                                       | September 30, 2025 |                           |                            |                      |
|--|--------------------|---------------------------|----------------------------|----------------------|
|  | Amortized Cost     | Gross Unrealized<br>Gains | Gross Unrealized<br>Losses | Estimated Fair Value |
| Fixed maturities:                                    |                    |                           |                            |                      |
| U.S. government, government agencies and authorities | \$ 14,360          | \$ 88                     | \$ 68                      | \$ 14,380            |
| States, municipalities and political subdivisions    | 1,788              | 3                         | 27                         | 1,764                |
| Mortgage-backed                                      | 10,079             | 68                        | 250                        | 9,897                |
| Asset-backed   | 1,227              | 10                        | 13                         | 1,224                |
| Corporate  | 10,310             | 52                        | 227                        | 10,135               |
| Total fixed maturities                               | \$ 37,764          | \$ 221                    | \$ 585                     | \$ 37,400            |

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| (in thousands)                                       |                  |                        |                 |                         | December 31, 2024    |
|--|------------------|------------------------|-----------------|-------------------------|----------------------|
|  | Amortized Cost   | Gross Unrealized Gains |                 | Gross Unrealized Losses | Estimated Fair Value |
| <b>Fixed maturities:</b>                             |                  |                        |                 |                         |                      |
| U.S. government, government agencies and authorities | \$ 13,561        | \$ 11                  | \$ 218          | \$                      | 13,354               |
| States, municipalities and political subdivisions    | 2,846            | 2                      | 73              |                         | 2,775                |
| Mortgage-backed                                      | 10,309           | 10                     | 433             |                         | 9,886                |
| Asset-backed   | 1,346            | 2                      | 22              |                         | 1,326                |
| Corporate  | 10,055           | 9                      | 442             |                         | 9,622                |
| <b>Total fixed maturities</b>                        | <b>\$ 38,117</b> | <b>\$ 34</b>           | <b>\$ 1,188</b> | <b>\$</b>               | <b>\$ 36,963</b>     |

The table below summarizes the Company's fixed maturities at September 30, 2025 by contractual maturity periods. Actual results may differ as issuers may have the right to call or prepay obligations, with or without penalties, prior to the contractual maturity of these obligations.

| (in thousands)                         |                  |                      | September 30, 2025 |
|--|------------------|----------------------|--------------------|
|  | Amortized Cost   | Estimated Fair Value |                    |
| Due in one year or less                | \$ 7,494         | \$                   | 7,433              |
| Due after one year through five years  | 23,449           |                      | 23,368             |
| Due after five years through ten years | 2,533            |                      | 2,521              |
| Due after ten years                    | 4,288            |                      | 4,078              |
| <b>Total</b>                           | <b>\$ 37,764</b> | <b>\$</b>            | <b>\$ 37,400</b>   |

The following tables highlight the aggregate unrealized loss position, by security type, of available-for-sale investments in unrealized loss positions where no credit loss allowance had been established as of September 30, 2025 and December 31, 2024. The tables segregate the holdings based on the period of time the investments have been continuously held in unrealized loss positions.

| (in thousands)                                       |                      |                 |                        |                 |                      |                 | September 30, 2025 |
|--|----------------------|-----------------|------------------------|-----------------|----------------------|-----------------|--------------------|
|  | Less than 12 Months  |                 | Greater than 12 Months |                 | Total                |                 |                    |
|  | Estimated Fair Value | Unrealized Loss | Estimated Fair Value   | Unrealized Loss | Estimated Fair Value | Unrealized Loss |                    |
| <b>Fixed maturities:</b>                             |                      |                 |                        |                 |                      |                 |                    |
| U.S. government, government agencies and authorities | \$ 2,471             | \$ 20           | \$ 2,103               | \$ 48           | \$ 4,574             | \$ 68           |                    |
| States, municipalities and political subdivisions    | 299                  | 1               | 1,082                  | 26              | 1,381                | 27              |                    |
| Mortgage-backed                                      | 813                  | 3               | 3,456                  | 247             | 4,269                | 250             |                    |
| Asset-backed   | 61                   | —               | 451                    | 13              | 512                  | 13              |                    |
| Corporate  | 425                  | 1               | 6,263                  | 226             | 6,688                | 227             |                    |
| <b>Total fixed maturities</b>                        | <b>\$ 4,069</b>      | <b>\$ 25</b>    | <b>\$ 13,355</b>       | <b>\$ 560</b>   | <b>\$ 17,424</b>     | <b>\$ 585</b>   |                    |

| (in thousands)                                       |                      |                 |                        |                 |                      |                 | December 31, 2024 |
|--|----------------------|-----------------|------------------------|-----------------|----------------------|-----------------|-------------------|
|  | Less than 12 Months  |                 | Greater than 12 Months |                 | Total                |                 |                   |
|  | Estimated Fair Value | Unrealized Loss | Estimated Fair Value   | Unrealized Loss | Estimated Fair Value | Unrealized Loss |                   |
| <b>Fixed maturities:</b>                             |                      |                 |                        |                 |                      |                 |                   |
| U.S. government, government agencies and authorities | \$ 2,417             | \$ 28           | \$ 7,984               | \$ 190          | \$ 10,401            | \$ 218          |                   |
| States, municipalities and political subdivisions    | 331                  | 1               | 1,981                  | 72              | 2,312                | 73              |                   |
| Mortgage-backed                                      | 3,006                | 57              | 5,477                  | 376             | 8,483                | 433             |                   |
| Asset-backed   | 254                  | —               | 756                    | 22              | 1,010                | 22              |                   |
| Corporate  | 966                  | 10              | 7,274                  | 432             | 8,240                | 442             |                   |
| <b>Total fixed maturities</b>                        | <b>\$ 6,974</b>      | <b>\$ 96</b>    | <b>\$ 23,472</b>       | <b>\$ 1,092</b> | <b>\$ 30,446</b>     | <b>\$ 1,188</b> |                   |

At September 30, 2025 and December 31, 2024, there are approximately 128 and 191 individual available-for-sale investments, respectively, that were in unrealized loss positions, for which an allowance for credit losses has not been recorded. The Company did not have the intent to sell these investments, and it was not more likely than not that the Company would be required to sell these investments before recovery of its amortized cost. The Company evaluated these investments for credit losses at September 30, 2025 and December 31, 2024. The Company considers many factors in evaluating whether the unrealized losses were credit related including, but not limited to, the extent to which the fair value is less than amortized cost, conditions related to the security, industry, or geographic area, payment structure of the investment and the likelihood of the issuer's ability to make contractual cashflows, defaults or other collectability concerns related to the issuer, changes in the ratings assigned by a rating agency, and other credit enhancements that affect the investment's expected performance. The Company determined that the unrealized losses on the fixed maturity investments were due to non-credit related factors at September 30, 2025 and December 31, 2024.

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The establishment of an impairment loss on an investment requires a number of judgments and estimates. Refer to the "Significant Accounting Policies and Critical Estimates" section of Management's Discussion and Analysis of Financial Condition included in the 2024 Annual Report for further information regarding the Company's detailed analysis and factors considered in recording an impairment loss on an investment.

The Company did not record any write-downs for impairment related to available-for-sale fixed maturity investments for the three and nine months ended September 30, 2025 and September 30, 2024.

Limited liability investments include investments in limited liability companies and limited partnerships. The Company's interests in these investments are not deemed minor and, therefore, are accounted for under the equity method of accounting. The most recently available financial statements are used in applying the equity method. The difference between the end of the reporting period of the limited liability entities and that of the Company is no more than three months. As of September 30, 2025 and December 31, 2024, the carrying value of limited liability investments totaled \$0.6 million. The Company recorded no impairments related to limited liability investments during the three and nine months ended September 30, 2025 and September 30, 2024. Income or loss from limited liability investments is recognized based on the Company's share of the earnings of the limited liability entities and is included in net investment income in the consolidated statements of operations. At September 30, 2025, the Company had no unfunded commitments related to limited liability investments.

Limited liability investment, at fair value represents the underlying investments of the Company's consolidated entity, Argo Holdings Fund I, LLC ("Argo Holdings"). As of September 30, 2025 and December 31, 2024, the carrying value of the Company's limited liability investment, at fair value was \$3.1 million and \$2.9 million, respectively. At September 30, 2025, the Company had no unfunded commitments to fund limited liability investment, at fair value.

Investments in private companies consist of convertible preferred stocks and notes in privately owned companies and investments in limited liability companies in which the Company's interests are deemed minor. The Company's investments in private companies do not have readily determinable fair values. The Company has elected to record investments in private companies at cost, adjusted for observable price changes and impairments. As of September 30, 2025 and December 31, 2024, the carrying value of the Company's investments in private companies totaled \$0.6 million and \$0.7 million, respectively. For the three and nine months ended September 30, 2025 and September 30, 2024, the Company did not record any adjustments to the carrying value of its investments in private companies for observable price changes.

The Company performs a quarterly impairment analysis of its investments in private companies. As a result of the analysis performed, the Company did not record any impairments related to investments in private companies for the three and nine months ended September 30, 2025 and September 30, 2024.

Net investment income for the three and nine months ended September 30, 2025 and September 30, 2024 is comprised as follows:

| (in thousands)                                   | Three months ended September 30, |        | Nine months ended September 30, |          |
|--|----------------------------------|--------|---------------------------------|----------|
|  | 2025                             | 2024   | 2025                            | 2024     |
| <b>Investment income:</b>                        |                                  |        |                                 |          |
| Interest from fixed maturities                   | \$ 357                           | \$ 331 | \$ 1,044                        | \$ 968   |
| Dividends  | 10                               | 11     | 30                              | 39       |
| (Loss) income from limited liability investments | (1)                              | 1      | (1)                             | (161)    |
| Other  | 108                              | 98     | 251                             | 300      |
| Gross investment income                          | 474                              | 441    | 1,324                           | 1,146    |
| Investment expenses                              | (43)                             | (38)   | (103)                           | (109)    |
| Net investment income                            | \$ 431                           | \$ 403 | \$ 1,221                        | \$ 1,037 |

Net realized (losses) gains on investments for the three and nine months ended September 30, 2025 and September 30, 2024 are comprised as follows:

| (in thousands)   | Three months ended September 30, |        | Nine months ended September 30, |          |
|--|----------------------------------|--------|---------------------------------|----------|
|  | 2025                             | 2024   | 2025                            | 2024     |
| <b>Available-for-sale fixed maturities:</b>                |                                  |        |                                 |          |
| Gross realized gains                                       | \$ —                             | \$ —   | \$ —                            | \$ —     |
| Gross realized losses                                      | (9)                              | —      | (85)                            | —        |
| Net realized losses on available-for-sale fixed maturities | (9)                              | —      | (85)                            | —        |
| Limited liability investment, at fair value                | 34                               | 874    | 129                             | 1,260    |
| Investments in private companies                           | (30)                             | 84     | 8                               | 99       |
| Net realized (losses) gains                                | \$ (5)                           | \$ 958 | \$ 52                           | \$ 1,359 |

Net loss on equity investments for the three and nine months ended September 30, 2025 and September 30, 2024 is comprised as follows:

| (in thousands)   | Three months ended September 30, |      | Nine months ended September 30, |        |
|--|----------------------------------|------|---------------------------------|--------|
|  | 2025                             | 2024 | 2025                            | 2024   |
| Net losses recognized on equity investments sold during the period                                 | \$ —                             | \$ — | \$ —                            | \$ (3) |
| Change in net unrealized (losses) gains recognized on equity investments held at end of the period | —                                | —    | —                               | —      |
| Net loss on equity investments   | \$ —                             | \$ — | \$ —                            | \$ (3) |

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**NOTE 7 GOODWILL**

The following table summarizes the goodwill activity for the nine months ended September 30, 2025:

| (in thousands)                 | Extended Warranty | Kingsway Search<br>Xcelerator | Total     |
|--------------------------------|-------------------|-------------------------------|-----------|
| Balance, December 31, 2024     | \$ 31,153         | \$ 25,371                     | \$ 56,524 |
| Acquisitions                   | —                 | 13,245                        | 13,245    |
| Measurement period adjustments | —                 | (225)                         | (225)     |
| Balance, September 30, 2025    | \$ 31,153         | \$ 38,391                     | \$ 69,544 |

As further discussed in Note 5, "Acquisitions and Discontinued Operations," during the nine months ended September 30, 2025, the Company recorded goodwill of \$10.6 million related to the acquisitions of Bud's Plumbing (\$1.0 million), Roundhouse (\$9.1 million), Advanced Plumbing (\$0.6 million) and Southside Plumbing (\$2.6 million). The goodwill related to the Roundhouse, Advanced Plumbing and Southside Plumbing acquisitions is provisional and subject to adjustment during the measurement period. The Company expects to complete its purchase price allocations within the next six months. The estimates, allocations and calculations recorded at September 30, 2025 are subject to change as we obtain further information; therefore, the final fair values of the assets acquired and liabilities assumed may not agree with the estimates included in these consolidated financial statements.

As further discussed in Note 5, "Acquisitions and Discontinued Operations," during the nine months ended September 30, 2025, the Company recorded measurement period adjustments, related to acquisition of Image Solutions, that decreased goodwill by \$0.2 million.

At each of September 30, 2025 and December 31, 2024, accumulated goodwill impairment losses were \$0.7 million.

Goodwill is assessed for impairment annually as of November 30, or more frequently if events or circumstances indicate that the carrying value may not be recoverable. In evaluating the recoverability of goodwill, the Company estimates the fair value of its reporting units and compares it to the carrying value. Although the Company believes its estimates of fair value are reasonable, actual financial results could differ from those estimates due to the inherent uncertainty involved in making such estimates. Changes in assumptions concerning future financial results or other underlying assumptions could have a significant impact on either the fair value of the reporting units, the amount of the goodwill impairment charge, or both. No goodwill impairment charges were recorded during the three and nine months ended September 30, 2025 and September 30, 2024.

**NOTE 8 INTANGIBLE ASSETS**

Intangible assets at September 30, 2025 and December 31, 2024 are comprised as follows:

| (in thousands)  | September 30, 2025      |                             |                                     |                       |
|---|-------------------------|-----------------------------|-------------------------------------|-----------------------|
|   | Gross Carrying<br>Value | Accumulated<br>Amortization | Accumulated<br>Impairment<br>Losses | Net Carrying<br>Value |
| <b>Intangible assets subject to amortization:</b>     |                         |                             |                                     |                       |
| Database  | \$ 4,918                | \$ 4,918                    | \$ —                                | \$ —                  |
| Vehicle service agreements in-force                   | 3,680                   | 3,680                       | —                                   | —                     |
| Customer relationships                                | 65,112                  | 31,470                      | —                                   | 33,642                |
| Developed technology                                  | 651                     | 128                         | —                                   | 523                   |
| <b>Intangible assets not subject to amortization:</b> |                         |                             |                                     |                       |
| Trade names   | 23,337                  | —                           | 2,584                               | 20,753                |
| <b>Total</b>  | <b>\$ 97,698</b>        | <b>\$ 40,196</b>            | <b>\$ 2,584</b>                     | <b>\$ 54,918</b>      |

| (in thousands)  | December 31, 2024       |                             |                                     |                       |
|---|-------------------------|-----------------------------|-------------------------------------|-----------------------|
|   | Gross Carrying<br>Value | Accumulated<br>Amortization | Accumulated<br>Impairment<br>Losses | Net Carrying<br>Value |
| <b>Intangible assets subject to amortization:</b>     |                         |                             |                                     |                       |
| Database  | \$ 4,918                | \$ 4,918                    | \$ —                                | \$ —                  |
| Vehicle service agreements in-force                   | 3,680                   | 3,680                       | —                                   | —                     |
| Customer relationships                                | 51,242                  | 25,765                      | —                                   | 25,477                |
| Developed technology                                  | 600                     | 79                          | —                                   | 521                   |
| <b>Intangible assets not subject to amortization:</b> |                         |                             |                                     |                       |
| Trade names   | 16,167                  | —                           | 2,116                               | 14,051                |
| <b>Total</b>  | <b>\$ 76,607</b>        | <b>\$ 34,442</b>            | <b>\$ 2,116</b>                     | <b>\$ 40,049</b>      |

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As further discussed in Note 5, "Acquisitions and Discontinued Operations," the Company recorded the following intangible assets related to acquisitions that occurred during the nine months ended September 30, 2025:

| (in thousands)           | <b>Buds Plumbing</b> |              | <b>Roundhouse</b> |               | <b>Advanced Plumbing</b> |              | <b>Southside Plumbing</b> |              |
|--------------------------|----------------------|--------------|-------------------|---------------|--------------------------|--------------|---------------------------|--------------|
| Acquisition Date         | March 14, 2025       |              | July 1, 2025      |               | August 1, 2025           |              | August 14, 2025           |              |
| Customer Relationships   | \$                   | 500          | \$                | 11,000        | \$                       | 1,100        | \$                        | 1,000        |
| Amortization Period      | 6 years              |              | 12 years          |               | 9 years                  |              | 9 years                   |              |
| Developed Technology     | n/a                  |              | n/a               |               | n/a                      |              | n/a                       |              |
| Amortization Period      | -                    |              | -                 |               | -                        |              | -                         |              |
| Trade Name               | \$                   | 3,100        | \$                | 1,220         | \$                       | 1,600        | \$                        | 1,100        |
| Amortization Period      | Indefinite           |              | Indefinite        |               | Indefinite               |              | Indefinite                |              |
| <b>Total Intangibles</b> | <b>\$</b>            | <b>3,600</b> | <b>\$</b>         | <b>12,220</b> | <b>\$</b>                | <b>2,700</b> | <b>\$</b>                 | <b>2,100</b> |

The intangible assets related to the Roundhouse, Advanced Plumbing and Southside Plumbing acquisitions are provisional and subject to adjustment during the measurement period. The Company expects to complete its purchase price allocation within the next six months. The estimates, allocations and calculations recorded at September 30, 2025 are subject to change as we obtain further information; therefore, the final fair values of the assets acquired and liabilities assumed may not agree with the estimates included in these consolidated financial statements. In addition to the above, during the nine months ended September 30, 2025, the Company had other immaterial acquisitions of assets that resulted in intangible assets related to customer relationships of \$0.3 million, developed technology of \$0.1 million and trade name of \$0.2 million.

The Company's intangible assets with definite useful lives are amortized either based on the patterns in which the economic benefits of the intangible assets are expected to be consumed or using the straight-line method over their estimated useful lives, which range from 5 to 15 years. Amortization of intangible assets was \$2.4 million and \$1.4 million for the three months ended September 30, 2025 and September 30, 2024, respectively (\$5.8 million and \$4.3 million for the nine months ended September 30, 2025 and September 30, 2024, respectively).

The trade names intangible assets have indefinite useful lives and are not amortized. Indefinite-lived intangible assets are assessed for impairment annually as of November 30, or more frequently if events or circumstances indicate that the carrying value may not be recoverable. The Company may perform its impairment test for any indefinite-lived intangible asset through a qualitative assessment or elect to proceed directly to a quantitative impairment test, however, the Company may resume a qualitative assessment in any subsequent period if facts and circumstances permit.

At each quarter end of the first through third quarters of 2025 and 2024, the Company determined that certain trade names should be further examined under a quantitative approach due to actual revenue coming in lower than previous projections. Based upon these assessments, the Company recorded impairment charges for the three and nine months ended September 30, 2025 of \$0.2 million and \$0.5 million, respectively, related to the CSuite and Ravix indefinite-lived trade names, and \$0.6 million for the three months ended September 30, 2024 related to the CSuite and Ravix indefinite-lived trade names, and \$1.8 million for the nine months ended September 30, 2024 related to the SNS, CSuite and Ravix indefinite-lived trade names. The fair value of the CSuite (0.8 million), Ravix (\$1.6 million) and SNS (\$2.2 million) trade names at September 30, 2025 were estimated using the relief-from-royalty method. The significant unobservable inputs used in the relief-from-royalty method, which are level 3 inputs, include a royalty rate and discount rate. The reduction in value is primarily due to higher discount rates and a reduction in projected revenue. Future impairments may be recorded if discount rates increase further, or if actual revenue falls short of current projections. The valuation of these assets is not dependent on the underlying profit or loss generated by the respective business. Therefore, even if a change in revenue does not have a significant impact on operating results, it could significantly impact the fair value of the trade name.

**NOTE 9 PROPERTY AND EQUIPMENT**

Property and equipment at September 30, 2025 and December 31, 2024 are comprised as follows:

| (in thousands)          | September 30, 2025 |              |                          |              |                 |
|-------------------------|--------------------|--------------|--------------------------|--------------|-----------------|
|                         | Cost               |              | Accumulated Depreciation |              | Carrying Value  |
| Leasehold improvements  | \$                 | 504          | \$                       | 316          | \$ 188          |
| Furniture and fixtures  |                    | 250          |                          | 208          | 42              |
| Computer hardware       |                    | 1,961        |                          | 1,097        | 864             |
| Medical equipment       |                    | 662          |                          | 348          | 314             |
| Vehicles                |                    | 2,631        |                          | 83           | 2,548           |
| Machinery and equipment |                    | 2,042        |                          | 127          | 1,915           |
| <b>Total</b>            | <b>\$</b>          | <b>8,050</b> | <b>\$</b>                | <b>2,179</b> | <b>\$ 5,871</b> |

  

| (in thousands)         | December 31, 2024 |              |                          |              |                 |
|------------------------|-------------------|--------------|--------------------------|--------------|-----------------|
|                        | Cost              |              | Accumulated Depreciation |              | Carrying Value  |
| Leasehold improvements |                   | 583          |                          | 346          | 237             |
| Furniture and fixtures |                   | 256          |                          | 228          | 28              |
| Computer hardware      |                   | 1,675        |                          | 874          | 801             |
| Medical equipment      |                   | 701          |                          | 263          | 438             |
| Vehicles               |                   | 72           |                          | 9            | 63              |
| <b>Total</b>           | <b>\$</b>         | <b>3,287</b> | <b>\$</b>                | <b>1,720</b> | <b>\$ 1,567</b> |

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During the third quarter of 2025, the Company acquired vehicles and machinery and equipment with an estimated fair value of \$2.3 million and \$1.7 million, respectively, as part of the acquisitions of Roundhouse, Advanced Plumbing and Southside Plumbing.

For the three months ended September 30, 2025 and September 30, 2024, depreciation expense related to medical equipment and certain computer hardware of \$0.1 million and \$0.1 million, respectively (\$0.2 million and \$0.1 million for the nine months ended September 30, 2025 and September 30, 2024, respectively), is included in cost of services sold in the unaudited consolidated statements of operations. For the three months ended September 30, 2025 and September 30, 2024, depreciation expense on all other property and equipment of \$0.3 million and \$0.1 million, respectively (\$0.4 million and \$0.4 million for the nine months ended September 30, 2025 and September 30, 2024, respectively), is included in general and administrative expenses in the unaudited consolidated statements of operations.

**NOTE 10 DEBT**

Debt consists of the following instruments at September 30, 2025 and December 31, 2024:

| (in thousands)        | September 30, 2025 |                |            | December 31, 2024 |                |            |
|-----------------------|--------------------|----------------|------------|-------------------|----------------|------------|
|                       | Principal          | Carrying Value | Fair Value | Principal         | Carrying Value | Fair Value |
| <b>Bank loans:</b>    |                    |                |            |                   |                |            |
| 2021 Ravix Loan       | \$ —               | \$ —           | \$ —       | \$ 2,288          | \$ 2,288       | \$ 2,312   |
| 2022 Ravix Loan       | —                  | —              | —          | 4,300             | 4,182          | 4,389      |
| 2022 Ravix Revolver   | 500                | 500            | 514        | 500               | 500            | 500        |
| 2025 Ravix Loan       | 8,593              | 8,561          | 9,212      | —                 | —              | —          |
| SNS Term Loan         | 2,867              | 2,816          | 2,938      | 3,842             | 3,779          | 3,942      |
| SNS Revolver          | 1,000              | 1,000          | 1,003      | 450               | 450            | 452        |
| DDI Term Loan         | 4,667              | 4,621          | 4,869      | 5,507             | 5,452          | 5,704      |
| DDI Revolver          | 23                 | 23             | 23         | —                 | —              | —          |
| Image Solutions Loan  | 6,975              | 6,838          | 7,345      | 7,556             | 7,399          | 7,669      |
| Roundhouse Term Loan  | 10,817             | 10,640         | 11,364     | —                 | —              | —          |
| KPH Term Loan         | 3,750              | 3,584          | 4,176      | —                 | —              | —          |
| 2024 KWH Term Loan    | 11,397             | 11,326         | 11,722     | 13,313            | 13,228         | 13,536     |
| 2024 KWH DDTL         | 4,894              | 4,894          | 5,056      | 5,850             | 5,850          | 5,982      |
| KWH Revolver          | 1,000              | 1,000          | 1,003      | 1,000             | 1,000          | 1,067      |
| Total bank loans      | 56,483             | 55,803         | 59,225     | 44,606            | 44,128         | 45,553     |
| <b>Notes payable:</b> |                    |                |            |                   |                |            |
| Ravix Note            | 188                | 188            | 188        | —                 | —              | —          |
| AAA Note              | 500                | 422            | 422        | —                 | —              | —          |
| Southside Note        | 500                | 422            | 422        | —                 | —              | —          |
| Total notes payable   | 1,188              | 1,032          | 1,032      | —                 | —              | —          |
| Subordinated debt     | 15,000             | 13,889         | 13,889     | 15,000            | 13,409         | 13,409     |
| Total                 | \$ 72,671          | \$ 70,724      | \$ 74,146  | \$ 59,606         | \$ 57,537      | \$ 58,962  |

Subordinated debt mentioned above consists of the following trust preferred debt instrument at September 30, 2025 and December 31, 2024:

| Issuer                          | Principal (in thousands) | Issue date | Interest  | Redemption date |
|---------------------------------|--------------------------|------------|---|-----------------|
| Kingsway DE Statutory Trust III | \$ 15,000                | 5/22/2003  | annual interest rate equal to CME Term SOFR, plus 4.20% payable quarterly | 5/22/2033       |

The contractual maturities of the Company's principal debt balances as of September 30, 2025 were as follows:

| (in thousands) | Principal Maturities |
|----------------|----------------------|
| 2025           | \$ 4,136             |
| 2026           | 8,715                |
| 2027           | 10,164               |
| 2028           | 8,566                |
| 2029           | 12,092               |
| Thereafter     | 28,998               |
| Total          | \$ 72,671            |

**(a) Bank loans:***Ravix*

As part of the acquisition of Ravix Group, Inc. ("Ravix") on October 1, 2021, Ravix became a wholly owned subsidiary of Ravix Acquisition LLC ("Ravix LLC"), and together they borrowed from a bank a principal amount of \$6.0 million in the form of a term loan, and established a \$1.0 million revolver to finance the acquisition of Ravix (together, the "2021 Ravix Loan"). The 2021 Ravix Loan required monthly payments of principal and interest.

The 2021 Ravix Loan had an annual interest rate equal to the greater of the Prime Rate plus 0.5%, or 3.75% and the term loan was due to mature on October 1, 2027, prior to the fourth amendment of the 2021 Ravix Loan on February 7, 2025 (see further discussion below). The Company also recorded as a discount to the carrying value of the 2021 Ravix Loan issuance costs of \$0.2 million specifically related to the 2021 Ravix Loan. The 2021 Ravix Loan is carried in the consolidated balance sheet at December 31, 2024 at its unpaid principal balance.

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Subsequent to the acquisition of CSuite Financial Partners, LLC ("CSuite") on November 1, 2022, CSuite became a wholly owned subsidiary of Ravix LLC. As a result of the acquisition of CSuite, on November 16, 2022, the 2021 Ravix Loan was amended to: (1) include CSuite as a borrower; (2) borrow an additional principal amount of \$6.0 million in the form of a supplemental term loan (the "2022 Ravix Loan"); and (3) amend the maturity date and interest rate of the \$1.0 million revolver (the "2022 Ravix Revolver"). The 2022 Ravix Loan required monthly payments of principal and interest. The 2022 Ravix Loan was due to mature on November 16, 2028 and had an annual interest rate equal to the Prime Rate plus 0.75%, prior to the fourth amendment of the 2021 Ravix Loan on February 7, 2025 (see further discussion below).

The Company also recorded as a discount to the carrying value of the 2022 Ravix Loan issuance costs of \$0.1 million specifically related to the 2022 Ravix Loan. The 2022 Ravix Loan is carried in the consolidated balance sheet at December 31, 2024 at its amortized cost, which reflects the monthly pay-down of principal as well as the amortization of the debt discount and issuance costs using the effective interest rate method.

The 2022 Ravix Loan and the 2021 Ravix Loan were not deemed to be substantially different; therefore, the 2022 Ravix Loan was accounted for as a modification of the 2021 Ravix Loan and a new effective interest rate was determined based on the carrying amount of the 2021 Ravix Loan. The issuance costs related to the 2022 Ravix Loan, along with the existing unamortized issuance costs from the 2021 Ravix Loan, are being amortized over the remaining term of the 2022 Ravix Loan using the effective interest rate.

On July 23, 2024, Ravix, Ravix LLC and CSuite entered into a second amendment to the 2021 Ravix Loan that provides for: (1) a principal prepayment of the 2021 Ravix term loan of \$1.5 million, partially financed by borrowing \$0.5 million under the 2022 Ravix Revolver and the remainder to be paid with available cash; and (2) amending the loan amortization payment schedule to provide for equal monthly payments through the loan maturity date. The 2021 Ravix Loan was not deemed to be substantially different as a result of the second amendment; therefore, the amended 2021 Ravix Loan was accounted for as a modification of the original 2021 Ravix Loan.

On October 4, 2024, Ravix, Ravix LLC and CSuite entered into a third amendment to the 2021 Ravix Loan to extend the maturity date of the 2022 Ravix Revolver to February 13, 2025.

On February 7, 2025, Ravix, Ravix LLC and CSuite entered into a fourth amendment to the 2021 Ravix Loan that provides for: (1) a new 2025 term loan in the principal amount of \$9.1 million, with a maturity date of February 7, 2031 (the "2025 Ravix Loan"); and (2) extending the maturity date of the 2022 Ravix Revolver to February 7, 2027. In connection with the fourth amendment, Ravix used a portion of the proceeds from the 2025 Ravix Loan to repay the following outstanding principal balances under the 2021 and 2022 Ravix Loans: (1) \$2.2 million related to the 2021 Ravix term loan; and (2) \$4.2 million related to the 2022 Ravix term loan. The 2025 Ravix Loan and 2022 Ravix Revolver have an annual interest rate equal to the Prime Rate plus 0.5%. At September 30, 2025, the interest rate was 7.75%.

The Company also recorded as a discount to the carrying value of the 2025 Ravix Loan issuance costs of less than \$0.1 million specifically related to the 2025 Ravix Loan. The 2025 Ravix Loan is carried in the consolidated balance sheet at September 30, 2025 at its amortized cost, which reflects the monthly pay-down of principal as well as the amortization of the debt discount and issuance costs using the effective interest rate method.

The 2025 Ravix Loan and the 2021 and 2022 Ravix Loans were not deemed to be substantially different as a result of the fourth amendment; therefore, the 2025 Ravix Loan is accounted for as a modification of the second amended 2021 Ravix Loan. The unamortized debt discount and issuance costs from the 2021 and 2022 Ravix Loans at the modification date of \$0.1 million were recorded as loss on extinguishment of debt during the nine months ended September 30, 2025 since the original debt related the 2021 Ravix Loan and 2022 Ravix Loan were fully repaid as part of the modification.

The fair values of the 2021 Ravix Loan, 2022 Ravix Loan, 2022 Ravix Revolver and 2025 Ravix Loan disclosed in the table above are derived from quoted market prices of B and BB minus rated industrial bonds with similar maturities and is categorized within Level 2 of the fair value hierarchy. The 2021 Ravix Loan, as amended, is secured by certain of the equity interests and assets of Ravix and CSuite.

The 2021 Ravix Loan, as amended (including by the 2025 Ravix Loan) contains a number of covenants, including, but not limited to, a leverage ratio and a fixed charge ratio, all of which are as defined in and calculated pursuant to the 2021 Ravix Loan, as amended that, among other things, restrict Ravix and CSuite's ability to incur additional indebtedness, create liens, make dividends and distributions, engage in mergers, acquisitions and consolidations, make certain payments and investments and dispose of certain assets.

#### SNS

As part of the asset acquisition of Secure Nursing Service, Inc. on November 18, 2022, the Company formed Secure Nursing Service LLC ("SNS"), which became a wholly owned subsidiary of Pegasus Acquirer Holdings LLC ("Pegasus LLC"), and together they borrowed from a bank a principal amount of \$6.5 million in the form of a term loan, and established a \$1.0 million revolver (the "SNS Revolver") to finance the acquisition of SNS (together, the "SNS Loan"). The SNS Loan has an annual interest rate equal to the greater of the Prime Rate plus 0.5%, or 5.00%. At September 30, 2025, the interest rate was 7.75%. The SNS Revolver matures on February 2, 2026 and the term loan matures on November 18, 2028.

During the fourth quarter of 2024, the Company borrowed \$0.4 million under the SNS Revolver. During the nine months ended September 30, 2025, the Company borrowed an additional \$0.6 million under the SNS Revolver.

The Company also recorded as a discount to the carrying value of the SNS Loan issuance costs of \$0.1 million specifically related to the SNS Loan. The SNS Loan is carried in the consolidated balance sheets at its amortized cost, which reflects principal payments as well as the amortization of the debt discount and issuance costs using the effective interest rate method. The fair value of the SNS Loan disclosed in the table above is derived from quoted market prices of B plus and BB minus rated industrial bonds with similar maturities and is categorized within Level 2 of the fair value hierarchy. The SNS Loan is secured by certain of the equity interests and assets of SNS.

The SNS Loan contains a number of covenants, including, but not limited to, a leverage ratio and a fixed charge ratio and limits on annual capital expenditures, all of which are as defined in and calculated pursuant to the SNS Loan that, among other things, restrict SNS's ability to incur additional indebtedness, create liens, make dividends and distributions, engage in mergers, acquisitions and consolidations, make certain payments and investments and dispose of certain assets. At each quarter end beginning March 31, 2024 through September 30, 2025, SNS was in default under the SNS Loan due to debt covenant violations related to the leverage and fixed charge ratios. The Company has entered into an amendment to the SNS Loan that waives the events of default for the fiscal quarter ended September 30, 2025. As of the report date, there is some uncertainty as to whether the Company will be in compliance with the covenants in future periods, and if not, when the Company will be able to cure any potential violations. A default may permit the lender to declare the amounts owed under the SNS Loan immediately due and payable, exercise their rights with respect to collateral securing the obligation, and/or exercise any other rights and remedies available.

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### *DDI*

As part of the acquisition of Digital Diagnostics Inc. ("DDI") on October 26, 2023, DDI became a wholly owned subsidiary of DDI Acquisition, LLC ("DDI LLC"), and together they borrowed from a bank a principal amount of \$5.6 million in the form of a term loan, and established a \$0.4 million revolver (the "DDI Revolver") to finance the acquisition of DDI (together, the "DDI Loan"). The DDI Loan has an annual interest rate equal to the greater of the Prime Rate plus 0.5%, or 5.00%. At September 30, 2025, the interest rate was 7.75%. Monthly principal payments on the term loan began on December 15, 2024. The DDI Revolver matures on November 1, 2026 and the term loan matures on October 26, 2029. During the nine months ended September 30, 2025, the Company borrowed \$0.1 million and made principal repayments of less than \$0.1 million under the DDI Revolver.

The Company also recorded as a discount to the carrying value of the DDI Loan issuance costs of \$0.1 million specifically related to the DDI Loan. The DDI Loan is carried in the consolidated balance sheets at its amortized cost, which reflects the amortization of the debt discount and issuance costs using the effective interest rate method. The fair value of the DDI Loan disclosed in the table above is derived from quoted market prices of B plus to BB minus rated industrial bonds with similar maturities and is categorized within Level 2 of the fair value hierarchy. The DDI Loan is secured by certain of the equity interests and assets of DDI.

The DDI Loan contains a number of covenants, including, but not limited to, a senior leverage ratio and a fixed charge ratio and limits on annual capital expenditures, all of which are as defined in and calculated pursuant to the DDI Loan that, among other things, restrict DDI's ability to incur additional indebtedness, create liens, make dividends and distributions, engage in mergers, acquisitions and consolidations, make certain payments and investments and dispose of certain assets. As of September 30, 2025, DDI was in default under the DDI Loan due to a debt covenant violation related to the fixed charge ratio. The Company has entered into an amendment to the DDI Loan that waives the event of default for the fiscal quarter ended September 30, 2025. As of the report date, there is some uncertainty as to whether the Company will be in compliance with the covenants in future periods, and if not, when the Company will be able to cure any potential violations. A default may permit the lender to declare the amounts owed under the DDI Loan immediately due and payable, exercise their rights with respect to collateral securing the obligation, and/or exercise any other rights and remedies available.

### *Image Solutions*

As part of the acquisition of Image Solutions on September 26, 2024, Image Solutions became a wholly owned subsidiary of Steel Bridge Acquisition, LLC ("SB LLC"), and together they borrowed from a bank a principal amount of \$7.75 million in the form of a term loan, and established a \$0.5 million revolver to finance the acquisition of Image Solutions (together, the "Image Solutions Loan"). The Image Solutions Loan requires monthly payments of principal and interest and has an annual interest rate equal to the greater of the Prime Rate plus 0.5%, or 7.25%. At September 30, 2025, the interest rate was 7.75%. The revolver matures on September 26, 2026 and the term loan matures on September 26, 2030. At September 30, 2025 and December 31, 2024, the balance of the revolver was zero.

The Company also recorded as a discount to the carrying value of the Image Solutions Loan issuance costs of \$0.2 million specifically related to the Image Solutions Loan. The Image Solutions Loan is carried in the consolidated balance sheets at its amortized cost, which reflects the monthly pay-down of principal as well as the amortization of the debt discount and issuance costs using the effective interest rate method. The fair value of the Image Solutions Loan disclosed in the table above is derived from quoted market prices of B plus to BB minus rated industrial bonds with similar maturities and is categorized within Level 2 of the fair value hierarchy. The Image Solutions Loan is secured by certain of the equity interests and assets of Image Solutions.

The Image Solutions Loan contains a number of covenants, including, but not limited to, a senior leverage ratio and a fixed charge ratio, all of which are as defined in and calculated pursuant to the Image Solutions Loan that, among other things, restrict Image Solutions' ability to incur additional indebtedness, create liens, make dividends and distributions, engage in mergers, acquisitions and consolidations, make certain payments and investments and dispose of certain assets.

### *Roundhouse*

As part of the acquisition of Roundhouse on July 1, 2025, Roundhouse became a wholly owned subsidiary of Longhorns Acquisition LLC ("Longhorns LLC"), and together they borrowed from a bank a principal amount of \$11.0 million in the form of a term loan, and established a \$0.5 million revolver to finance the acquisition of Roundhouse. The Roundhouse term loan requires monthly payments of principal and interest and has an annual interest rate equal to the greater of the one-month term Secured Overnight Financing Rate ("SOFR") plus 3.3%, or 5.0%. At September 30, 2025, the interest rate was 7.63%. The term loan and revolver mature on July 1, 2035. At September 30, 2025, the balance of the revolver was zero.

The Company also recorded as a discount to the carrying value of the Roundhouse Loan issuance costs of \$0.2 million specifically related to the Roundhouse Loan. The Roundhouse Loan is carried in the consolidated balance sheet at September 30, 2025 at its amortized cost, which reflects the monthly pay-down of principal as well as the amortization of the debt discount and issuance costs using the effective interest rate method. The fair value of the Roundhouse Loan disclosed in the table above is derived from quoted market prices of BB rated industrial bonds with similar maturities and is categorized within Level 2 of the fair value hierarchy. The Roundhouse is secured by certain of the equity interests and assets of Roundhouse.

The Roundhouse Loan contains a number of covenants, including, but not limited to, a debt service coverage ratio, maximum senior funded debt ratio and maximum total funded debt ratio, all of which are as defined in and calculated pursuant to the Roundhouse Loan that, among other things, restrict Roundhouse's ability to incur additional indebtedness, create liens, make dividends and distributions, engage in mergers, acquisitions and consolidations, make certain payments and investments and dispose of certain assets.

### *Kingsway Plumbing Holdco LLC*

In 2025, the Company formed Kingsway Plumbing Holdco LLC ("KPH"), whose subsidiaries include Bud's Plumbing, Advanced Plumbing and Southside Plumbing. As part of the acquisition of Southside Plumbing on August 14, 2025, KPH and its subsidiaries borrowed from a bank a principal amount of \$3.75 million in the form of a term loan, and established a \$0.5 million revolver. The KPH term loan requires monthly payments of interest and has an annual fixed interest rate of 7.5%. Monthly principal payments on the KPH term loan begin September 14, 2026. The term loan matures on August 14, 2032. The revolver matures on August 14, 2026. At September 30, 2025, the balance of the revolver was zero.

The Company also recorded as a discount to the carrying value of the KPH Loan issuance costs of \$0.2 million specifically related to the KPH Loan. The KPH Loan is carried in the consolidated balance sheet at September 30, 2025 at its amortized cost, which reflects the amortization of the debt discount and issuance costs using the effective interest rate method. The fair value of the KPH Loan disclosed in the table above is derived from quoted market prices of BBB rated industrial bonds with similar maturities and is categorized within Level 2 of the fair value hierarchy. The KPH is secured by certain of the equity interests and assets of KPH.

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The KPH Loan contains a number of covenants, including, but not limited to, a debt service coverage ratio, maximum senior funded debt ratio, senior leverage ratio and maximum total funded debt ratio, all of which are as defined in and calculated pursuant to the KPH Loan that, among other things, restrict KPH's ability to incur additional indebtedness, create liens, make dividends and distributions, engage in mergers, acquisitions and consolidations, make certain payments and investments and dispose of certain assets.

#### *KWH*

In 2019, the Company formed Kingsway Warranty Holdings LLC ("KWH"), whose subsidiaries include IWS Acquisition Corporation ("IWS"), Geminus Holdings Company, Inc. ("Geminus") and Trinity Warranty Solutions LLC ("Trinity"). As part of the acquisition of PWI Holdings, Inc. ("PWI") on December 1, 2020, PWI became a wholly owned subsidiary of KWH, which borrowed a principal amount of \$25.7 million from a bank, consisting of a \$24.7 million term loan and a \$1.0 million revolving credit facility (the "2020 KWH Loan"). The proceeds from the 2020 KWH Loan were used to partially fund the acquisition of PWI and to fully repay the prior outstanding loan at KWH, which occurred on December 1, 2020.

The 2020 KWH Loan had an annual interest rate equal to SOFR, having a floor of 0.75%, plus spreads ranging from 2.62% to 3.12%. The 2020 KWH Loan was to mature on December 1, 2025, prior to entering into the third amendment to the KWH Loan further discussed below. The Company also recorded as a discount to the carrying value of the 2020 KWH Loan issuance costs of \$0.4 million specifically related to the 2020 KWH Loan.

On February 28, 2023, KWH entered into a second amendment to the 2020 KWH Loan (the "KWH DDTL") that provides for an additional delayed draw term loan in the principal amount of up to \$10.0 million, with a maturity date of December 1, 2025. All or any portion of the KWH DDTL, subject to a \$2.0 million minimum draw amount, could be requested at any time through February 27, 2024. The proceeds are evidenced by an intercompany loan and guarantee between KAI and KWH. The principal amount shall be repaid in quarterly installments in an amount equal to 3.75% of the original amount of the drawn KWH DDTL. Proceeds from certain assets dispositions, as defined, may be required to be used to repay outstanding draws under the KWH DDTL. The KWH DDTL also increases the senior cash flow leverage ratio maximum permissible for certain periods. During the first quarter of 2024, the Company borrowed \$3.5 million under the KWH DDTL and \$0.5 million under the KWH Revolver (as defined below).

On May 24, 2024, KWH entered into a third amendment to the 2020 KWH Loan that provides for: (1) a new 2024 term loan in the principal amount of \$15.0 million, with a maturity date of May 24, 2029 (the "2024 KWH Loan"); and (2) a new 2024 delayed draw term loan in a principal amount of up to \$6.0 million, with a maturity date of May 24, 2029 (the "2024 KWH DDTL"). All or any portion of the 2024 KWH DDTL, subject to a \$2.0 million minimum draw amount, could be requested at any time in up to three advances through May 24, 2026. In connection with the third amendment, KWH used the proceeds from the 2024 KWH Loan to repay the following outstanding balances under the 2020 KWH Loan: (1) \$9.6 million related to the original 2020 term loan; (2) \$1.0 million related to the revolver; and (3) \$3.1 million related to the KWH DDTL. The 2024 KWH Loan has an annual interest rate equal to SOFR, having a floor of 0.75%, plus spreads ranging from 2.62% to 3.12%. At September 30, 2025, the interest rate was 7.28%.

KWH continues to have access to a \$1.0 million revolving credit facility ("KWH Revolver") under the 2020 KWH Loan.

The 2020 KWH Loan and the 2024 KWH Loan were not deemed to be substantially different; therefore, the 2024 KWH Loan was accounted for as a modification of the 2020 KWH Loan. The unamortized debt discount and issuance costs from the 2020 KWH Loan at the modification date of \$0.2 million were recorded as loss on extinguishment of debt during the second quarter of 2024 since the original debt was fully repaid as part of the modification.

During the third and fourth quarters of 2024, \$6.0 million was borrowed under the KWH DDTL and \$1.0 million was drawn on the KWH Revolver. As of December 31, 2024 and September 30, 2025, both the KWH DDTL and the KWH Revolver are fully drawn.

The Company also recorded as a discount to the carrying value of the 2024 KWH Loan issuance costs of \$0.1 million specifically related to the 2024 KWH Loan. The 2024 KWH Loan is carried in the consolidated balance sheets at amortized cost, which reflects the quarterly pay-down of principal as well as the amortization of the debt discount and issuance costs using the effective interest rate method. The fair values of the 2024 KWH Loan, 2024 KWH DDTL and KWH Revolver disclosed in the table above are derived from quoted market prices of B and BB minus rated industrial bonds with similar maturities and is categorized within Level 2 of the fair value hierarchy. The 2020 KWH Loan, as amended is secured by certain of the equity interests and assets of KWH and its subsidiaries.

The 2024 KWH Loan contains a number of covenants, including, but not limited to, a leverage ratio, a fixed charge ratio and limits on annual capital expenditures, all of which are as defined in and calculated pursuant to the 2024 KWH Loan that, among other things, restrict KWH's ability to incur additional indebtedness, create liens, make dividends and distributions, engage in mergers, acquisitions and consolidations, make certain payments and investments and dispose of certain assets.

#### *SPI*

On June 15, 2025, the Company's subsidiaries, Systems Products International Inc. ("SPI") and Vertical Market Solutions LLC, together established a \$0.3 million revolver with a bank (the "SPI Revolver"). The SPI Revolver has an annual interest rate equal to the Prime Rate. The SPI Revolver matures on July 15, 2026. At September 30, 2025, the balance of the SPI Revolver was zero.

#### **(b) Notes payable:**

As part of the acquisition of Bud's Plumbing on March 14, 2025, Bud's Plumbing became a wholly owned subsidiary of KPH, and together they borrowed from the seller of Bud's Plumbing a principal amount of \$1.25 million in the form of a promissory note, to partially finance the acquisition of Bud's Plumbing (the "KPH Note"). The KPH Note was recorded at its estimated fair value of \$1.1 million, which included the unpaid principal amount of \$1.25 million as of the date of acquisition less a discount of \$0.2 million. The KPH Note required monthly payments of principal and interest and had an annual fixed interest rate of 6.00%. The KPH Note was due to mature on April 1, 2030; however on August 7, 2025, the KPH Note was repaid in full to the seller of Bud's Plumbing in exchange for shares of Kingsway common stock. See Note 18, "Shareholders' Equity," for further discussion of the exchange. The settlement of the KPH Note by issuing the Company's common shares is accounted for as a debt extinguishment. The difference between the reacquisition price of the debt and the net carrying amount of the KPH Note at the date of the exchange of \$0.1 million recorded as loss on extinguishment of debt in the unaudited consolidated statement of operations for the three and nine months ended September 30, 2025.

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As part of the acquisition of certain assets from The HR Team, Inc. on August 1, 2025, Ravix borrowed from the seller a principal amount of \$0.2 million in the form of a promissory note, to partially finance the acquisition of assets (the "Ravix Note"). The Ravix Note requires quarterly payments of principal and interest beginning October 1, 2025 and has an annual fixed interest rate of 8.00%. The Ravix Note matures on August 1, 2027.

As part of the acquisition of Advanced Plumbing on August 1, 2025, Advanced Plumbing borrowed from the seller of Advanced Plumbing a principal amount of \$0.5 million in the form of a promissory note, to partially finance the acquisition of Advanced Plumbing (the "AAA Note"). The AAA Note, which is recorded as notes payable in the consolidated balance sheet at September 30, 2025, was recorded at its estimated fair value of \$0.4 million, which included the unpaid principal amount of \$0.5 million as of the date of acquisition less a discount of \$0.1 million. The AAA Note requires quarterly payments of principal and interest beginning November 1, 2025 and has an annual fixed interest rate of 6.00%. The AAA Note matures on August 1, 2030.

As part of the acquisition of Southside Plumbing on March 14, 2025, Southside Plumbing became a wholly owned subsidiary of KPH, and together they borrowed from the seller of Southside Plumbing a principal amount of \$0.5 million in the form of a promissory note, to partially finance the acquisition of Southside Plumbing (the "Southside Note"). The Southside Note, which is recorded as note payable in the consolidated balance sheet at September 30, 2025, was recorded at its estimated fair value of \$0.4 million, which included the unpaid principal amount of \$0.5 million as of the date of acquisition less a discount of \$0.1 million. The Southside Note requires quarterly payments of principal and interest beginning November 1, 2025 and has an annual fixed interest rate of 6.00%. The Southside Note matures on August 1, 2030.

**(c) Subordinated debt:**

On May 22, 2003, a subsidiary trust of the Company issued \$15.0 million of 30-year capital securities to third-parties in a private transaction. A corresponding floating rate junior subordinated deferrable interest debenture was then issued by KAI to the trust in exchange for the proceeds from the private sale. The floating rate debenture bears interest at the rate of CME Term SOFR, plus a spread of 4.20%. The Company has the right to call these securities at par value any time after five years from its issuance until its maturity.

The subordinated debt, or TruPs, is carried in the consolidated balance sheets at fair value. See Note 21, "Fair Value of Financial Instruments," for further discussion of the subordinated debt. The portion of the change in fair value of subordinated debt related to the instrument-specific credit risk is recognized in other comprehensive (loss) income.

Of the \$0.5 million increase in fair value of the Company's subordinated debt between December 31, 2024 and September 30, 2025, \$0.5 million is reported as increase in fair value of debt attributable to instrument-specific credit risk in the Company's unaudited consolidated statements of comprehensive loss and less than \$0.1 million is reported as gain on change in fair value of debt in the Company's unaudited consolidated statement of operations.

The agreement governing the remaining subordinated debt contains a number of covenants that, among other things, restrict the Company's ability to incur additional indebtedness, make dividends and distributions, and make certain payments in respect of the Company's outstanding securities.

**NOTE 11 LEASES**

**(a) Lessee leases:**

The Company has operating leases for office space that include fixed base rent payments, as well as variable rent payments to reimburse the landlord for operating expenses and taxes. The Company's variable lease payments do not depend on a published index or rate, and therefore, are expensed as incurred. The Company includes only fixed payments for lease components in the measurement of the right-of-use asset and lease liability. There are no residual value guarantees.

Operating lease costs, variable lease costs and short-term lease costs included in general and administrative expenses for the three and nine months ended September 30, 2025 and September 30, 2024 were as follows:

| (in thousands)        | Three months ended September 30, |        | Nine months ended September 30, |        |
|-----------------------|----------------------------------|--------|---------------------------------|--------|
|                       | 2025                             | 2024   | 2025                            | 2024   |
| Operating lease cost  | \$ 380                           | \$ 140 | \$ 791                          | \$ 423 |
| Variable lease cost   | 55                               | 61     | 157                             | 198    |
| Short-term lease cost | 4                                | 24     | 62                              | 74     |

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The annual maturities of lease liabilities as of September 30, 2025 were as follows:

| (in thousands)                    | Lease Commitments |
|-----------------------------------|-------------------|
| 2025                              | \$ 385            |
| 2026                              | 1,486             |
| 2027                              | 1,297             |
| 2028                              | 1,050             |
| 2029                              | 961               |
| 2030 and thereafter               | 2,137             |
| Total undiscounted lease payments | 7,316             |
| Imputed interest                  | 126               |
| <b>Total lease liabilities</b>    | <b>\$ 7,190</b>   |

The weighted-average remaining lease term for our operating leases was 7.68 years as of September 30, 2025. The weighted-average discount rate of our operating leases was 6.89% as of September 30, 2025. Cash paid for amounts included in the measurement of lease liabilities was \$0.8 million and \$0.4 million for the nine months ended September 30, 2025 and September 30, 2024, respectively.

**(b) Lessor leases:**

The Company enters into contracts with third-parties to lease equipment to its customers. In certain of these contracts, the Company has the option to purchase the equipment back from such third-party at the end of the lease term with the end customer. In these cases, the Company determined that these contracts represent a lease, and the Company is a lessor under these contracts. The sum of the lease payments received by the Company exceed the cost of the equipment. Therefore, these leases are determined to be sales-type leases. The Company receives the full lease payment for the equipment upfront when the equipment is delivered to the customer and installation is complete. Therefore the Company does not record a receivable or interest income related to these leases. The Company recognizes all revenue and costs associated with the sales-type lease within service fee and commission revenue, and cost of services sold, respectively, upon delivery and installation of the equipment to the customer. For the three months ended September 30, 2025 and September 30, 2024, total revenue recognized from sales-type leases was \$0.4 million and zero, respectively (\$1.1 million and zero for the nine months ended September 30, 2025 and September 30, 2024, respectively).

**NOTE 12 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customers relates to the Extended Warranty and Kingsway Search Xcelerator segments and includes: vehicle service agreement fees, guaranteed asset protection products ("GAP") commissions, maintenance support service fees, warranty product commissions, business services consulting revenue, healthcare services revenue, software license and support revenue, skilled trades repair and service revenue and motor sales and repair service revenue. Revenue is based on terms of various agreements with credit unions, consumers and businesses. Customers either pay in full at the inception of a warranty contract or commission product sale, or when consulting, healthcare, skilled trades, software license and support services are billed, or on terms subject to the Company's customary credit reviews.

The following table disaggregates revenues from contracts with customers by revenue type for the three and nine months ended September 30, 2025 and September 30, 2024:

| (in thousands)                                     |  | Three months ended September 30, |                  | Nine months ended September 30, |                  |
|--|--|----------------------------------|------------------|---------------------------------|------------------|
|  |  | 2025                             | 2024             | 2025                            | 2024             |
| Vehicle service agreement fees and GAP commissions | IWS, Geminus and PWI                                     | \$ 15,504                        | \$ 15,215        | \$ 45,538                       | \$ 45,195        |
| Maintenance support service fees                   | Trinity  | 1,203                            | 1,300            | 3,299                           | 2,941            |
| Warranty product commissions                       | Trinity  | 1,491                            | 1,328            | 3,673                           | 3,496            |
| Business services consulting fees                  | Ravix, CSuite and Image Solutions                        | 5,474                            | 4,026            | 17,405                          | 12,958           |
| Healthcare services fees                           | SNS and DDI  | 4,334                            | 4,240            | 13,493                          | 12,554           |
| Software license and support fees                  | SPI and ATWI   | 895                              | 1,027            | 2,732                           | 2,598            |
| Skilled trades repair and service fees             | Bud's Plumbing, Advanced Plumbing and Southside Plumbing | 3,384                            | —                | 5,413                           | —                |
| Motor sales and repair service fees                | Roundhouse   | 4,888                            | —                | 4,888                           | —                |
| <b>Service fee and commission revenue</b>          |  | <b>\$ 37,173</b>                 | <b>\$ 27,136</b> | <b>\$ 96,441</b>                | <b>\$ 79,742</b> |

Vehicle service agreement fees include the fees collected to cover the costs of future automobile mechanical breakdown claims and the associated administration of those claims. Vehicle service agreement fees are earned over the duration of the vehicle service agreement contracts as the single performance obligation is satisfied. Vehicle service agreement fees are initially recorded as deferred service fees with revenues recognized over the term of the contract based on the proportion of expected claims to total overall claims to be incurred over the life of the contract. The Company believes this reasonably represents the transfer of services to the vehicle service contract holder over the warranty term. The Company compares the remaining deferred service fees balance to the estimated amount of expected future claims under the vehicle service agreement contracts and records an additional accrual if the deferred service fees balance is less than expected future claims costs.

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In certain jurisdictions the Company is required to refund to a customer a pro-rata share of the vehicle service agreement fees if a customer cancels the agreement prior to the end of the term. Depending on the jurisdiction, the Company may be entitled to deduct from the refund a cancellation fee and/or amounts for claims incurred prior to cancellation. While refunds vary depending on the term and type of product offered, historically refunds have averaged 6.25% to 12.00% of the original amount of the vehicle service agreement fee. Revenues recorded by the Company are net of variable consideration related to refunds and the associated refund liability is included in accrued expenses and other liabilities. The Company estimates refunds based on the actual historical refund rates by warranty type taking into consideration current observable refund trends in estimating the expected amount of future customer refunds to be paid at each reporting period.

Maintenance support service fees include the service fees collected to administer equipment breakdown and maintenance support services and are earned as services are rendered.

Warranty product commissions include the commissions from the sale of warranty contracts for certain new and used heating, ventilation, air conditioning ("HVAC"), standby generator, commercial LED lighting and commercial refrigeration equipment. The Company acts as an agent on behalf of the third-party insurance companies that underwrite and guaranty these warranty contracts. The Company does not guaranty the performance underlying the warranty contracts it sells. Warranty product commissions are earned at the time of the warranty product sales.

Business services consulting fees include the revenue from providing outsourced finance and human resources consulting services and information technology ("IT") managed services. The Company invoices for business services revenue based on contracted rates. Revenue is earned over time as services are provided.

Healthcare services fees include revenue from providing healthcare professional staffing services and outsourced cardiac telemetry services for long-term acute care and inpatient rehabilitation hospitals. The Company invoices for healthcare services revenue based on contracted rates. Revenue is earned over time as services are provided.

Software license and support fees include revenue from the sale or rental of software products created exclusively to serve the management needs of all types of shared-ownership properties. Software licenses are on-premise at customer locations and considered fully functional when made available and delivered to the customer. As the customer can use and benefit from the license on its own, software licenses represent distinct performance obligations. Revenue is recognized upfront at the point in time when control is transferred, which is defined as the point in time when the customer can use and benefit from the license. The Company's software licenses are sold as term licenses, and the contracts include software support services, which are accounted for as separate performance obligations. Software support revenue is recognized ratably over the contract period as services are rendered. For certain SPI contracts, the transaction price of the software license is billed in installments, typically over a three to five year period. The Company allocates a portion of the consideration received from these arrangements to a financing component when it determines that a significant financing component exists. The financing component is subsequently recognized as interest income separate from software license and support fee revenue over the term of the arrangement with the customer. Pursuant to practical expedients afforded under ASC 606, the Company does not recognize a financing component for software license sales that have a term of one year or less.

Skilled trades repair and service revenue include the service fees collected to administer plumbing repairs and maintenance support services and are earned as services are rendered.

Motor sales and repair service revenue include the service fees collected from the sale of new electric motors, in-shop repair and refurbishment of customer-owned electric motors, transformers, switchgear, ancillary parts, and on-site services for customers, including preventative maintenance, infrared scans, VLF cable testing, and vibration analysis for various types of electrical equipment. Motor sales and repair service revenue is earned as motors are delivered to the customer or as repair services are rendered.

The Company's revenue recognition policies are further described in Note 2(r), "Summary of Significant Accounting Policies - Revenue recognition," to the consolidated financial statements in the 2024 Annual Report.

**Service fee receivables**

Receivables from contracts with customers are reported as service fee receivable, net in the consolidated balance sheets and at September 30, 2025 and December 31, 2024 were \$14.7 million and \$9.4 million, respectively. The increase in receivables from contracts with customers is primarily due to receivables related to Roundhouse, Advanced Plumbing and Southside Plumbing, which were acquired during the third quarter of 2025, as well as due to the timing difference between the Company's satisfaction of performance obligations and customer payments.

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Service fee receivable is reported net of an estimated allowance for credit losses at September 30, 2025 and December 31, 2024 of \$1.2 million and \$0.6 million, respectively. During the three months ended September 30, 2025 and September 30, 2024, the Company recorded an increase to its allowance for credit losses of \$0.4 million and \$0.1 million, respectively (\$0.5 million and \$0.2 million for the nine months ended September 30, 2025 and September 30, 2024, respectively). Service fee receivables that are deemed to be uncollectible are written off against the allowance for credit losses when identified. The Company recorded write-offs of service fee receivables that were deemed to be uncollectible of \$0.1 million and zero for the three months ended September 30, 2025 and September 30, 2024, respectively (\$0.1 million and \$0.1 million for the nine months ended September 30, 2025 and September 30, 2024, respectively).

**Contract asset**

The Company records a contract asset, which is included in other assets in the consolidated balance sheets, when revenue is recognized prior to billing the customer. Upon billing, which typically occurs over a three to five year installment period, the value of the contract asset is reversed and service fee receivable is recorded. Changes in the contract asset for the nine months ended September 30, 2025 were as follows:

| (in thousands)                                 | Nine Months Ended<br>September 30, 2025 |
|--|---|
| Balance, December 31, 2024                     | \$ 1,878                                |
| Contract asset additions                       | 405                                     |
| Amounts transferred to service fee receivables | (358)                                   |
| Write-off of contract asset balances           | (10)                                    |
| <b>Balance, September 30, 2025</b>             | <b>\$ 1,915</b>                         |

The contract asset is reported net of an estimated allowance for credit losses of zero at September 30, 2025 and December 31, 2024. During each of the three months ended September 30, 2025 and September 30, 2024, the Company recorded an increase to the contract asset allowance for credit losses of zero (zero and less than \$0.1 million for the nine months ended September 30, 2025 and September 30, 2024, respectively). Contract assets that are deemed to be uncollectible are written off against the allowance for credit losses when identified. During each of the three months ended September 30, 2025 and September 30, 2024, the Company recorded write-offs to the contract asset for amounts that were deemed to be uncollectible of zero (zero and less than \$0.1 million for the nine months ended September 30, 2025 and September 30, 2024, respectively).

**Deferred service fees**

The Company records deferred service fees resulting from contracts with customers when payment is received in advance of satisfying the performance obligations. Changes in deferred service fees for the nine months ended September 30, 2025 were as follows:

| (in thousands)                       | Nine Months Ended<br>September 30, 2025 |
|--------------------------------------|---|
| Balance, December 31, 2024           | \$ 83,108                               |
| Deferral of revenue                  | 49,276                                  |
| Recognition of deferred service fees | (44,969)                                |
| <b>Balance, September 30, 2025</b>   | <b>\$ 87,415</b>                        |

The increase in deferred service fees between December 31, 2024 and September 30, 2025 is primarily due to additions to deferred service fees in excess of deferred service fees recognized during the nine months ended September 30, 2025.

Approximately \$34.7 million and \$35.3 million of service fee and commission revenue recognized during the nine months ended September 30, 2025 and September 30, 2024 was included in deferred service fees as of December 31, 2024 and December 31, 2023, respectively.

**Remaining performance obligations**

The Company expects to recognize within one year as service fee and commission revenue approximately 46.7% of the outstanding performance obligations as of September 30, 2025. The balance relates primarily to vehicle service agreement fees.

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**Deferred contract costs**

Deferred contract costs represent the deferral of incremental costs to obtain or fulfill a contract with a customer. Incremental costs to obtain a contract with a customer primarily include sales commissions. The Company capitalizes costs incurred to fulfill a contract if the costs are identifiable, generate or enhance resources used to satisfy future performance obligations and are expected to be recovered. Costs to fulfill a contract include labor costs for set-up activities directly related to the acquisition of vehicle service agreements. Contract costs are deferred and amortized over the expected customer relationship period consistent with the pattern in which the related revenues are earned. Amortization of incremental costs to obtain a contract and costs to fulfill a contract with a customer are recorded in commissions and cost of services sold, respectively, in the unaudited consolidated statements of operations. No impairment charges related to deferred contract costs were recorded during the three and nine months ended September 30, 2025 and September 30, 2024.

The deferred contract costs balances and related amortization expense for the three months ended September 30, 2025 and September 30, 2024 are comprised as follows:

| (in thousands)               | Three months ended September 30, 2025 |                             |           | Three months ended September 30, 2024 |                             |           |
|------------------------------|---------------------------------------|-----------------------------|-----------|---------------------------------------|-----------------------------|-----------|
|                              | Costs to Obtain a Contract            | Costs to Fulfill a Contract | Total     | Costs to Obtain a Contract            | Costs to Fulfill a Contract | Total     |
| Balance at June 30, net      | \$ 14,484                             | \$ 86                       | \$ 14,570 | \$ 13,912                             | \$ 81                       | \$ 13,993 |
| Additions                    | 2,982                                 | 6                           | 2,988     | 2,384                                 | 6                           | 2,390     |
| Amortization                 | (2,645)                               | (5)                         | (2,650)   | (2,285)                               | (4)                         | (2,289)   |
| Balance at September 30, net | \$ 14,821                             | \$ 87                       | \$ 14,908 | \$ 14,011                             | \$ 83                       | \$ 14,094 |

The deferred contract costs balances and related amortization expense for the nine months ended September 30, 2025 and September 30, 2024 are comprised as follows:

| (in thousands)               | Nine months ended September 30, 2025 |                             |           | Nine months ended September 30, 2024 |                             |           |
|------------------------------|--------------------------------------|-----------------------------|-----------|--------------------------------------|-----------------------------|-----------|
|                              | Costs to Obtain a Contract           | Costs to Fulfill a Contract | Total     | Costs to Obtain a Contract           | Costs to Fulfill a Contract | Total     |
| Balance at December 31, net  | \$ 13,808                            | \$ 81                       | \$ 13,889 | \$ 13,653                            | \$ 81                       | \$ 13,734 |
| Additions                    | 8,583                                | 19                          | 8,602     | 7,267                                | 19                          | 7,286     |
| Amortization                 | (7,570)                              | (13)                        | (7,583)   | (6,909)                              | (17)                        | (6,926)   |
| Balance at September 30, net | \$ 14,821                            | \$ 87                       | \$ 14,908 | \$ 14,011                            | \$ 83                       | \$ 14,094 |

**NOTE 13 INCOME TAXES**

Income tax (benefit) expense for the three and nine months ended September 30, 2025 and September 30, 2024 varies from the amount that would result by applying the applicable U.S. federal corporate income tax rate of 21% to loss from continuing operations before income tax (benefit) expense. The following table summarizes the differences:

| (in thousands)  | Three months ended September 30, |          | Nine months ended September 30, |            |
|---|----------------------------------|----------|---------------------------------|------------|
|   | 2025                             | 2024     | 2025                            | 2024       |
| Income tax benefit at U. S. statutory income tax rate | \$ (937)                         | \$ (453) | \$ (2,334)                      | \$ (1,352) |
| Valuation allowance                                   | (1,329)                          | 358      | (426)                           | 1,450      |
| Compensation  | 95                               | 195      | 147                             | 117        |
| Investment income                                     | (2)                              | (96)     | (60)                            | (134)      |
| State income tax                                      | 35                               | 38       | 68                              | 210        |
| Indefinite life intangibles                           | (9)                              | (27)     | 29                              | (161)      |
| Contingent consideration                              | —                                | —        | —                               | 57         |
| Other   | 97                               | 6        | 131                             | 22         |
| Income tax (benefit) expense                          | \$ (2,050)                       | \$ 21    | \$ (2,445)                      | \$ 209     |

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The Company maintains a valuation allowance for its gross deferred tax assets at September 30, 2025 and December 31, 2024. The Company's operations have generated substantial operating losses in prior years. These losses can be available to reduce income taxes that might otherwise be incurred on future taxable income; however, it is uncertain whether the Company will generate the taxable income necessary to utilize these losses or other reversing temporary differences. This uncertainty has caused management to place a full valuation allowance on its September 30, 2025 and December 31, 2024 net deferred tax asset, excluding the deferred income tax liability amounts set forth in the paragraph below which were determined to not reverse and offset existing deferred tax assets.

The Company carries net deferred income tax liabilities of \$4.6 million and \$4.4 million at September 30, 2025 and December 31, 2024, respectively, that consists of:

- \$4.1 million and \$3.7 million of deferred income tax liabilities related to indefinite lived intangible assets; and
- \$0.5 million and \$0.7 million of deferred state income tax liabilities.

As of September 30, 2025 and December 31, 2024, the Company carried a liability for unrecognized tax benefits of zero. The Company classifies interest and penalty accruals, if any, related to unrecognized tax benefits as income tax expense. The Company recorded income tax expense of zero related to interest and penalty accruals for the three and nine months ended September 30, 2025 and September 30, 2024.

On July 4, 2025, the "Big Beautiful Bill" P.L. 119-21 was signed into law. This legislation includes changes to U.S. federal tax law, which may be subject to further clarification and the issuance of interpretive guidance. We are assessing the legislation and its effect on our consolidated financial statements, which we have started reflecting in the three month period ended September 30, 2025.

**NOTE 14 LOSS PER SHARE**

The following table sets forth the reconciliation of numerators and denominators for the basic and diluted loss per share computation for the three and nine months ended September 30, 2025 and September 30, 2024:

| (in thousands, except per share data)  | Three months ended September 30, |            | Nine months ended September 30, |            |
|--|----------------------------------|------------|---------------------------------|------------|
|  | 2025                             | 2024       | 2025                            | 2024       |
| <b>Numerator:</b>  |                                  |            |                                 |            |
| Loss from continuing operations  | \$ (2,411)                       | \$ (2,176) | \$ (8,668)                      | \$ (6,644) |
| Less: net income from continuing operations attributable to noncontrolling interests and redeemable noncontrolling interests | (45)                             | (491)      | (322)                           | (825)      |
| Less: dividends on preferred stock   | (325)                            | (13)       | (858)                           | (13)       |
| Numerator used in calculating basic loss per share from continuing operations attributable to common shareholders            | \$ (2,781)                       | \$ (2,680) | \$ (9,848)                      | \$ (7,482) |
| Numerator used in calculating diluted loss per share from continuing operations attributable to common shareholders          | \$ (2,781)                       | \$ (2,680) | \$ (9,848)                      | \$ (7,482) |
| Loss from discontinued operations  | —                                | (135)      | —                               | (181)      |
| Numerator used in calculating diluted loss per share - net loss attributable to common shareholders                          | \$ (2,781)                       | \$ (2,815) | \$ (9,848)                      | \$ (7,663) |
| <b>Denominator:</b>  |                                  |            |                                 |            |
| Weighted-average basic shares  |                                  |            |                                 |            |
| Weighted-average common shares outstanding   | 28,508                           | 27,197     | 27,607                          | 27,213     |
| Weighted-average diluted shares  |                                  |            |                                 |            |
| Weighted-average common shares outstanding   | 28,508                           | 27,197     | 27,607                          | 27,213     |
| Effect of potentially dilutive securities (a)  |                                  |            |                                 |            |
| Stock options  | —                                | —          | —                               | —          |
| Unvested restricted stock awards   | —                                | —          | —                               | —          |
| Convertible preferred stock  | —                                | —          | —                               | —          |
| Total weighted-average diluted shares  | 28,508                           | 27,197     | 27,607                          | 27,213     |
| Basic loss per share attributable to common shareholders:  |                                  |            |                                 |            |
| Continuing operations  | \$ (0.10)                        | \$ (0.10)  | \$ (0.36)                       | \$ (0.27)  |
| Discontinued operations  | \$ —                             | \$ —       | \$ —                            | \$ (0.01)  |
| Basic loss per share - net loss attributable to common shareholders:   | \$ (0.10)                        | \$ (0.10)  | \$ (0.36)                       | \$ (0.28)  |
| Diluted loss per share attributable to common shareholders:  |                                  |            |                                 |            |
| Continuing operations  | \$ (0.10)                        | \$ (0.10)  | \$ (0.36)                       | \$ (0.27)  |
| Discontinued operations  | \$ —                             | \$ —       | \$ —                            | \$ (0.01)  |
| Diluted loss per share - net loss attributable to common shareholders  | \$ (0.10)                        | \$ (0.10)  | \$ (0.36)                       | \$ (0.28)  |

- (a) Potentially dilutive securities consist of stock options and unvested restricted stock awards, calculated using the treasury stock method, and convertible preferred stock, using the if-converted method. Because the Company is reporting a loss from continuing operations attributable to common shareholders for the three and nine months ended September 30, 2025 and September 30, 2024, all potentially dilutive securities outstanding were excluded from the calculation of diluted loss from continuing operations per share since their inclusion would have been anti-dilutive.

Basic loss per share excludes dilution and is computed by dividing loss attributable to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted loss per share is calculated using weighted-average diluted shares. Weighted-average diluted shares is calculated by adding the effect of potentially dilutive securities to weighted-average common shares outstanding. Potentially dilutive securities are excluded from the diluted loss per share computation in loss periods and when the applicable exercise price is greater than the market price on the period end date as their effect would be anti-dilutive.

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The following weighted-average potentially dilutive securities are not included in the diluted loss per share calculations above because they would have had an antidilutive effect on the loss per share:

|                                  | Three months ended September 30, |                  | Nine months ended September 30, |                  |
|----------------------------------|----------------------------------|------------------|---------------------------------|------------------|
|                                  | 2025                             | 2024             | 2025                            | 2024             |
| Stock options                    | 265,000                          | 265,000          | 265,000                         | 265,000          |
| Unvested restricted stock awards | 343,302                          | 448,964          | 343,302                         | 448,964          |
| Convertible preferred stock      | 1,710,526                        | 868,421          | 1,710,526                       | 868,421          |
| <b>Total</b>                     | <b>2,318,828</b>                 | <b>1,582,385</b> | <b>2,318,828</b>                | <b>1,582,385</b> |

**NOTE 15 STOCK-BASED COMPENSATION**

The Company recognizes stock-based compensation expense for all share-based awards made to employees, including restricted stock awards, restricted common unit awards and employee stock options, based on estimated fair values.

During the first quarter of 2025, KPH, a subsidiary of the Company, granted 199,000 restricted Class B common unit awards to an officer of Bud's Plumbing pursuant to an agreement dated March 14, 2025 ("KPH RUA"). The KPH RUA vests based on service and the achievement of criteria based on the IRR of Bud's Plumbing. The KPH RUA has a weighted-average grant date fair value of \$0.85 per Class B common unit. The grant-date fair value of the KPH RUA was estimated using the Monte Carlo simulation model, using the following assumptions: expected term of five years, expected volatility of 34% and risk-free interest rate of 4.26%. On March 14, 2025, 83,333 units, representing one half of the service condition for the KPH RUA, became fully vested. The remainder of the service condition vests according to a graded vesting schedule and shall become fully vested subject to the officer's continued employment through the applicable vesting dates.

On August 14, 2025, the Company modified the inputs related to the IRR portion of the KPH RUA to be based on the combined internal rate of return of Bud's Plumbing, Advanced Plumbing and Southside Plumbing. The modified portion of the award was probable of vesting both immediately before and after the modification. As a result, the fair value of the award that is subject to the IRR was measured at the modification date and compared to the fair value of the modified portion of the award immediately prior to the modification, with the difference resulting in incremental compensation expense of less than \$0.1 million. The incremental fair value was estimated using the Monte Carlo simulation model, using the following assumptions at the modification date and prior to the modification: expected term of 4.6 years, expected volatility of 35% and risk-free interest rate of 4.21%.

During the third quarter of 2025, Longhorns LLC, a subsidiary of the Company, granted 199,000 restricted Class B common unit awards to an officer of Roundhouse pursuant to an agreement dated July 1, 2025 ("Roundhouse RUA"). The Roundhouse RUA vests based on service and the achievement of criteria based on the IRR of Roundhouse. The Roundhouse RUA has a weighted-average grant date fair value of \$3.01 per Class B common unit. The grant-date fair value of the Roundhouse RUA was estimated using the Monte Carlo simulation model, using the following assumptions: expected term of five years, expected volatility of 43% and risk-free interest rate of 4.22%. On July 1, 2025, 83,333 units, representing one half of the service condition for the Roundhouse RUA, became fully vested. The remainder of the service condition vests according to a graded vesting schedule and shall become fully vested subject to the officer's continued employment through the applicable vesting dates.

Total stock-based compensation expense related to all of the Company's restricted stock awards, restricted common unit awards and employee stock options was \$0.6 million and \$0.9 million for the three months ended September 30, 2025 and September 30, 2024, respectively (\$1.4 million and \$1.4 million for the nine months ended September 30, 2025 and September 30, 2024, respectively).

**NOTE 16 REDEEMABLE PREFERRED STOCK**

At September 30, 2025, the Company had three series of redeemable preferred stock ("Preferred Stock") outstanding. In accordance with FASB ASC Topic 480-10-S99-3A, *SEC Staff Announcement: Classification and Measurement of Redeemable Securities*, redemption features not solely within the control of the issuer are required to be presented outside of permanent equity on the consolidated balance sheets. For each series of the Preferred Stock outstanding, the holder has the option to convert each share of Preferred Stock into 2.6316 common shares at any time; however, if not converted, they are required to be redeemed on certain dates. As such, the Preferred Stock is presented in temporary or mezzanine equity on the consolidated balance sheets.

The following table summarizes the Company's redeemable preferred stock outstanding at September 30, 2025:

| Description       | Issue Date         | Shares Authorized | Shares Outstanding | Par Value | Redemption Value per Share | Aggregate Redemption Value (in thousands) | Dividend Rate | Redemption Date    | Maximum Number of Common Shares Issuable on Conversion | Carrying Amount (in thousands) |
|-------------------|--------------------|-------------------|--------------------|-----------|----------------------------|---|---------------|--------------------|--|--------------------------------|
| Class B Preferred | September 24, 2024 | 330,000           | 330,000            | \$ 0.01   | \$ 25.00                   | \$8,250                                   | 8.0%          | September 24, 2031 | 868,421  | \$8,250                        |
| Class C Preferred | February 1, 2025   | 240,000           | 240,000            | \$ 0.01   | \$ 25.00                   | \$6,000                                   | 8.0%          | February 12, 2032  | 631,579  | \$6,000                        |
| Class D Preferred | May 8, 2025        | 80,000            | 80,000             | \$ 0.01   | \$ 25.00                   | \$2,000                                   | 8.0%          | May 7, 2032        | 210,526  | \$2,000                        |

At December 31, 2024, there were 330,000 shares of Class B Preferred Stock outstanding with a redemption amount of \$8.3 million.

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The Class B Preferred Stock ranks senior to the Company's common shares. The Class C and Class D Preferred Stock ranks *pari passu* with the Company's Class B Preferred Stock and senior to the Company's common shares.

The holders of each series of Preferred Stock will not be entitled to receive notice of or to attend any meeting of the shareholders of the Company and will not be entitled to vote at any such meeting. The holders of each series of Preferred Stock are entitled to receive fixed, cumulative, preferential cash dividends at a rate of 8% per share of Preferred Stock per year, payable in equal quarterly installments if declared by the Board of Directors of the Company. Dividends on outstanding shares of each series of Preferred Stock will accrue from day to day commencing on the date of issuance of each such share of Preferred Stock. The cash dividend rate will increase to 18% per share of Preferred Stock if the dividend is not paid and accumulates for a period greater than two consecutive quarters from the date of the most recent dividend payment. The Company will redeem any Preferred Stock not previously converted into common shares, and which remain outstanding on the conversion date, for the price of \$25.00 per share of Preferred Stock, plus accrued but unpaid dividends thereon, whether or not declared, up to and including the date specified for redemption.

The Company shall have the option to redeem 25% of each series of Preferred Stock it has issued following a sale of assets representing more than 15% of the Company's consolidated revenues in the prior 12 month period at a price equal to the amount that would yield a total internal rate of return of 15% on the subscription price paid to the Company for the purchase of shares of Preferred Stock submitted for redemption.

Accrued dividends declared for each series of Preferred Stock, which is included in accrued expenses and other liabilities in the consolidated balance sheets, at September 30, 2025 and December 31, 2024 are as follows:

| (in thousands)    | September 30, 2025 | December 31, 2024 |
|-------------------|--------------------|-------------------|
| Class B Preferred | \$ 166             | \$ 166            |
| Class C Preferred | 121                | —                 |
| Class D Preferred | 40                 | —                 |
| <b>Total</b>      | <b>\$ 327</b>      | <b>\$ 166</b>     |

**NOTE 17 REDEEMABLE NONCONTROLLING INTEREST**

Redeemable noncontrolling interest represents a 20% noncontrolling ownership in Southside Plumbing, which was acquired on August 14, 2025. Redeemable noncontrolling interest is presented outside of permanent equity in the consolidated balance sheets as it is redeemable by the holder of the noncontrolling interest and the redemption is outside the control of the Company. Shares are redeemable at their fair value on the fifth anniversary of the acquisition of Southside Plumbing. The redeemable noncontrolling interest was initially recorded at fair value at the date of issuance. The Company records the carrying amount of the redeemable noncontrolling interest at the greater of (i) the initial carrying amount, increased or decreased for the noncontrolling interest's share of net income or loss and its share of other comprehensive income or loss, and dividends or (ii) the redemption value. For interests that are redeemable in the future, the Company recognizes changes in the redemption value immediately as they occur. The redemption amounts have been estimated based on the fair value of the subsidiary, determined using discounted cash flow methods, which represents a level 3 fair value measurement.

Changes in the Company's redeemable noncontrolling interest for the nine months ended September 30, 2025 were as follows:

| (in thousands)   | Nine Months Ended<br>September 30, 2025 |
|--|---|
| Balance, December 31, 2024                                   | \$ —                                    |
| Acquisition of noncontrolling interest in Southside Plumbing | 925                                     |
| Net loss attributable to redeemable noncontrolling interest  | (34)                                    |
| Accretion to redemption value                                | 34                                      |
| Balance, September 30, 2025                                  | \$ 925                                  |

**NOTE 18 SHAREHOLDERS' EQUITY**

**(a) Common Stock Sale**

On June 24, 2025, the Company entered into a Stock Purchase Agreement (the "Purchase Agreement") with certain third-parties. Pursuant to the Purchase Agreement, the Company sold an aggregate of 1,336,264 shares of its Common Stock, par value \$0.01 per share for aggregate gross proceeds of \$15.7 million. The purchase price for each share of Common Stock was \$11.75 per share. Net proceeds to the Company were \$15.6 million after deducting offering expenses.

**(b) Notes Payable Exchanged for Common Shares**

As described in Note 10, "Debt," as part of the acquisition of Bud's Plumbing on March 14, 2025, KPH borrowed from the seller of Bud's Plumbing a principal amount of \$1.25 million in the form of a promissory note. On August 7, 2025, the KPH Note was repaid in full to the seller of Bud's Plumbing in exchange for 82,738 shares of the Company's Common Stock at a price per share of \$13.90 per share.

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**(c) Preferred Stock**

Declared dividends to be paid to the holders of the Company's Preferred Stock for the three and nine months ended September 30, 2025 and September 30, 2024 is as follows:

| (in thousands)    | Three months ended September 30, |              | Nine months ended September 30, |              |
|-------------------|----------------------------------|--------------|---------------------------------|--------------|
|                   | 2025                             | 2024         | 2025                            | 2024         |
| Class B Preferred | \$ 166                           | \$ 13        | \$ 494                          | \$ 13        |
| Class C Preferred | 121                              | —            | 300                             | —            |
| Class D Preferred | 40                               | —            | 61                              | —            |
| <b>Total</b>      | <b>\$ 327</b>                    | <b>\$ 13</b> | <b>\$ 855</b>                   | <b>\$ 13</b> |

Cash dividends paid during the three and nine months ended September 30, 2025 were \$0.3 million and \$0.7 million, respectively.

**(d) Security Repurchases**

On March 21, 2023, the Company's Board of Directors approved a security repurchase program under which the Company is authorized to repurchase up to \$10.0 million of its currently issued and outstanding securities through March 22, 2024. On March 22, 2024, the Company entered into a one year extension of its existing share repurchase program. As amended, the share repurchase program expired on March 21, 2025; however, in January 2025 the Company fully utilized the authorized amount. The timing and amount of any repurchases were determined based on market and economic conditions, share price and other factors, and the program could have been terminated, modified or suspended at any time at the Company's discretion. During the three and nine months ended September 30, 2025, the Company repurchased zero and 42,900 shares, respectively, of common stock for an aggregate purchase price of zero and \$0.3 million, respectively (194,300 and 312,850 shares, respectively, of common stock for an aggregate purchase price of \$1.5 million and \$2.5 million, respectively during the three and nine months ended September 30, 2024, respectively), including fees and commissions. The repurchased common stock will be held as treasury stock at cost and has been removed from common shares outstanding as of September 30, 2025.

**NOTE 19 ACCUMULATED OTHER COMPREHENSIVE LOSS**

The tables below detail the change in the balance of each component of accumulated other comprehensive loss, net of tax, for the three and nine months ended September 30, 2025 and September 30, 2024 as relates to shareholders' equity attributable to common shareholders on the consolidated balance sheets.

| (in thousands)   | Three months ended September 30, 2025                                |  |   |  |
|--|--|--|---|--|
|  | Unrealized Gains<br>(Losses) on<br>Available-for-Sale<br>Investments | Foreign Currency<br>Translation<br>Adjustments | Change in Fair Value<br>of Debt Attributable<br>to Instrument-Specific<br>Credit Risk | Total Accumulated<br>Other Comprehensive<br>Loss |
| Balance at June 30, 2025                                       | \$ (541)   | \$ (3,286)                                     | \$ 3,187  | \$ (640)   |
| Other comprehensive income arising during the period           | 200  | —  | 58  | 258  |
| Amounts reclassified from accumulated other comprehensive loss | (25)   | —  | —   | (25)   |
| Net current-period other comprehensive income                  | 175  | —  | 58  | 233  |
| <b>Balance at September 30, 2025</b>                           | <b>\$ (366)</b>  | <b>\$ (3,286)</b>                              | <b>\$ 3,245</b>   | <b>\$ (407)</b>                                  |

| (in thousands)   | Three months ended September 30, 2024                                |  |   |  |
|--|--|--|---|--|
|  | Unrealized Gains<br>(Losses) on<br>Available-for-Sale<br>Investments | Foreign Currency<br>Translation<br>Adjustments | Change in Fair Value<br>of Debt Attributable<br>to Instrument-Specific<br>Credit Risk | Total Accumulated<br>Other Comprehensive<br>Loss |
| Balance at June 30, 2024                                       | \$ (1,590)   | \$ (3,286)                                     | \$ 3,350  | \$ (1,526)                                       |
| Other comprehensive income (loss) arising during the period    | 887  | —  | (46)  | 841  |
| Amounts reclassified from accumulated other comprehensive loss | (48)   | —  | —   | (48)   |
| Amounts reclassified from noncontrolling interest              | (29)   | —  | —   | (29)   |
| Net current-period other comprehensive income (loss)           | 810  | —  | (46)  | 764  |
| <b>Balance at September 30, 2024</b>                           | <b>\$ (780)</b>  | <b>\$ (3,286)</b>                              | <b>\$ 3,304</b>   | <b>\$ (762)</b>                                  |

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| (in thousands)   | Nine months ended September 30, 2025                                 |  |   |  |
|--|--|--|---|--|
|  | Unrealized Gains<br>(Losses) on<br>Available-for-Sale<br>Investments | Foreign Currency<br>Translation<br>Adjustments | Change in Fair Value<br>of Debt Attributable<br>to Instrument-Specific<br>Credit Risk | Total Accumulated<br>Other Comprehensive<br>Loss |
| Balance at January 1, 2025                                     | \$ (1,157)   | \$ (3,286)                                     | \$ 3,725  | \$ (718)   |
| Other comprehensive income (loss) arising during the period    | 869  | —  | (480)   | 389  |
| Amounts reclassified from accumulated other comprehensive loss | (78)   | —  | —   | (78)   |
| Net current-period other comprehensive income (loss)           | 791  | —  | (480)   | 311  |
| Balance at September 30, 2025                                  | \$ (366)   | \$ (3,286)                                     | \$ 3,245  | \$ (407)   |

| (in thousands)   | Nine months ended September 30, 2024                                 |  |   |  |
|--|--|--|---|--|
|  | Unrealized Gains<br>(Losses) on<br>Available-for-Sale<br>Investments | Foreign Currency<br>Translation<br>Adjustments | Change in Fair Value<br>of Debt Attributable<br>to Instrument-Specific<br>Credit Risk | Total Accumulated<br>Other Comprehensive<br>Loss |
| Balance at January 1, 2024                                     | \$ (1,596)   | \$ (3,286)                                     | \$ 3,342  | \$ (1,540)                                       |
| Other comprehensive income arising during the period           | 935  | —  | (38)  | 897  |
| Amounts reclassified from accumulated other comprehensive loss | (90)   | —  | —   | (90)   |
| Amounts reclassified from noncontrolling interest              | (29)   | —  | —   | (29)   |
| Net current-period other comprehensive income                  | 816  | —  | (38)  | 778  |
| Balance at September 30, 2024                                  | \$ (780)   | \$ (3,286)                                     | \$ 3,304  | \$ (762)   |

For the three and nine months ended September 30, 2024, the unaudited consolidated statements of comprehensive loss present the components of other comprehensive income, net of tax, inclusive of the components attributable to noncontrolling interests in consolidated subsidiaries.

Components of accumulated other comprehensive loss were reclassified to the following lines of the unaudited consolidated statements of operations for the three and nine months ended September 30, 2025 and September 30, 2024:

| (in thousands)  | Three months ended September 30, |       | Nine months ended September 30, |       |
|---|----------------------------------|-------|---------------------------------|-------|
|   | 2025                             | 2024  | 2025                            | 2024  |
| Reclassification of accumulated other comprehensive loss from unrealized gains (losses) on available-for-sale investments to: |                                  |       |                                 |       |
| Net realized gains  | \$ 25                            | \$ 48 | \$ 78                           | \$ 90 |
| Loss from continuing operations before income tax (benefit) expense   | 25                               | 48    | 78                              | 90    |
| Income tax (benefit) expense  | —                                | —     | —                               | —     |
| Loss from continuing operations, net of taxes   | 25                               | 48    | 78                              | 90    |
| Income from discontinued operations, net of taxes   | —                                | —     | —                               | —     |
| Net loss  | \$ 25                            | \$ 48 | \$ 78                           | \$ 90 |

**NOTE 20 SEGMENTED INFORMATION**

The Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as a source of the Company's reportable operating segments. The Company's chief operating decision maker is its President and Chief Executive Officer. The Company conducts its business through the following two reportable segments: Kingsway Search Xcelerator and Extended Warranty.

**Kingsway Search Xcelerator Segment ("KSX")**

KSX includes the Company's subsidiaries CSuite, Ravix, SNS, SPI, DDI, Image Solutions, Roundhouse, Bud's Plumbing, Advanced Plumbing and Southside Plumbing.

CSuite is a professional services firm that provides experienced chief financial officer and other finance professionals to its clients through a variety of flexible offerings. These offerings include project and interim staffing engagements, and contingent search services for permanent placements for its clients throughout the United States.

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Ravix provides outsourced financial services and human resources consulting for short or long duration engagements for customers throughout the United States.

SNS provides healthcare staffing services to acute healthcare facilities on a contract or per diem basis in the United States, primarily in California.

SPI provides software products created exclusively to serve the management needs of all types of shared-ownership properties throughout the United States, Europe, Asia, Australia, Mexico and the Caribbean.

DDI provides outsourced 24 hours a day and 7 days per week cardiac telemetry services for long-term acute care and inpatient rehabilitation hospitals. Outsourcing cardiac monitoring is intended to allow hospitals to eliminate personnel callouts and human resources issues, remove distractions from onsite operations, and free up facility staff to assist directly with patient care. DDI currently has a presence in 42 states and Puerto Rico.

Image Solutions provides comprehensive information technology managed services, including equipment sales, service, and helpdesk support to customers primarily in North Carolina, Kansas, Georgia, Kentucky and Tennessee.

Roundhouse provides industrial-scale electric motor maintenance, repair, testing, and sales solutions primarily to midstream natural gas pipeline operators and utilities across the Permian Basin.

The Kingsway Skilled Trades platform includes the Company's subsidiaries Bud's Plumbing, Advanced Plumbing and Southside Plumbing. Kingsway Skilled Trades provides a comprehensive range of plumbing services, including emergency repairs, drain cleaning, water heater installations, and water treatment solutions to residential and commercial customers, primarily in Evansville, Indiana (Bud's Plumbing), Cleveland, Ohio (Advanced Plumbing) and Omaha, Nebraska (Southside Plumbing).

**Extended Warranty Segment**

Extended Warranty includes the following subsidiaries of the Company: IWS, Geminus, PWI and Trinity (collectively, "Extended Warranty").

IWS is a licensed motor vehicle service agreement company and is a provider of after-market vehicle protection services distributed by credit unions in 28 states and the District of Columbia to their members, with customers in all fifty states.

Geminus primarily sells vehicle service agreements to used car buyers across the United States, through its subsidiaries, Penn and Prime. Penn and Prime distribute these products in 46 and 35 states, respectively, via independent used car dealerships and franchised car dealerships. Penn also sells and administers a GAP product, in states where Penn is approved.

PWI markets, sells and administers vehicle service agreements to used car buyers in all fifty states via independent used car and franchise network of approved automobile and motorcycle dealer partners. PWI's business model is supported by an internal sales and operations team and partners with American Auto Shield in three states with a "white label" agreement.

Trinity sells HVAC, standby generator, commercial LED lighting and commercial refrigeration warranty products and provides equipment breakdown and maintenance support services to companies across the United States. As a seller of warranty products, Trinity markets and administers product warranty contracts for certain new and used products in the HVAC, standby generator, commercial LED lighting and commercial refrigeration industries throughout the United States. Trinity acts as an agent on behalf of the third-party insurance companies that underwrite and guaranty these warranty contracts. Trinity does not guaranty the performance underlying the warranty contracts it sells. As a provider of equipment breakdown and maintenance support services, Trinity acts as a single point of contact to its clients for both certain equipment breakdowns and scheduled maintenance of equipment. Trinity will provide such repair and breakdown services by contracting with certain HVAC providers.

**Revenues and Operating Income by Reportable Segment**

Revenues by reportable segment reconciled to consolidated revenues for the three and nine months ended September 30, 2025 and September 30, 2024 were:

| (in thousands)   | Three months ended September 30, |                  | Nine months ended September 30, |                  |
|--|----------------------------------|------------------|---------------------------------|------------------|
|  | 2025                             | 2024             | 2025                            | 2024             |
| <b>Revenues:</b>                                       |                                  |                  |                                 |                  |
| Service fee and commission revenue - KSX               | \$ 18,975                        | \$ 9,293         | \$ 43,931                       | \$ 28,109        |
| Service fee and commission revenue - Extended Warranty | 18,198                           | 17,843           | 52,510                          | 51,633           |
| <b>Total revenues</b>                                  | <b>\$ 37,173</b>                 | <b>\$ 27,136</b> | <b>\$ 96,441</b>                | <b>\$ 79,742</b> |

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Results for the Company's reportable segments are based on the Company's internal financial reporting systems and are consistent with those followed in the preparation of the unaudited consolidated interim financial statements. The Company uses operating income as the measure of profit or loss for our segments. The Company's chief operating decision maker uses segment operating income to allocate resources in the annual budget and forecasting process and considers actual versus plan variances in assessing the performance of each segment. The chief operating decision maker also uses segment operating income as an input to the overall compensation measures for segment management under the Company's incentive compensation plans. From time to time we may report the impact of certain events, gains, losses or other charges related to our segments outside of segment operating income. Segment assets are not regularly reviewed by the Company's chief operating decision maker and, therefore, are not included in the segment disclosures below.

Among other items, the degree and pace of inflation and interest rate changes may have impacts on our business and the recently announced tariffs or retaliatory responses to such tariffs may impact the Company's operating income. The potential impact of current macroeconomic uncertainties on the Company's financial condition, results of operations, and cash flows is subject to change and continues to depend on the extent and duration of these uncertainties.

The operating income by reportable segment in the following table is before income taxes and includes revenues and direct segment costs. The significant expense categories and amounts by segment align with the segment level information that is regularly provided to the chief operating decision maker.

Total segment operating income reconciled to the consolidated loss from continuing operations for the three months ended September 30, 2025 and September 30, 2024 is as follows:

| (in thousands)   | Three months ended September 30, 2025 |                      |            | Three months ended September 30, 2024 |                      |            |
|--|---------------------------------------|----------------------|------------|---------------------------------------|----------------------|------------|
|  | KSX                                   | Extended<br>Warranty | Total      | KSX                                   | Extended<br>Warranty | Total      |
| Service fee and commission revenue   | \$ 18,975                             | \$ 18,198            | \$ 37,173  | \$ 9,293                              | \$ 17,843            | \$ 27,136  |
| Less segment expenses:   |                                       |                      |            |                                       |                      |            |
| Claims authorized on vehicle service agreements  | —                                     | 6,638                | 6,638      | —                                     | 6,323                | 6,323      |
| Commissions  | —                                     | 3,125                | 3,125      | 70                                    | 2,731                | 2,801      |
| Cost of services sold  | 9,946                                 | 1,125                | 11,071     | 5,633                                 | 1,184                | 6,817      |
| Salaries and benefits  | 3,188                                 | 4,062                | 7,250      | 1,395                                 | 3,595                | 4,990      |
| Insurance expense  | 254                                   | 599                  | 853        | 41                                    | 546                  | 587        |
| Professional fees  | 630                                   | 294                  | 924        | 221                                   | 190                  | 411        |
| IT expense   | 391                                   | 316                  | 707        | 205                                   | 300                  | 505        |
| Other segment items (a)  | 2,381                                 | 1,638                | 4,019      | 584                                   | 1,270                | 1,854      |
| Total segment operating income   | \$ 2,185                              | \$ 401               | \$ 2,586   | \$ 1,144                              | \$ 1,704             | \$ 2,848   |
| Net investment income  |                                       |                      | 431        |                                       |                      | 403        |
| Net realized (losses) gains  |                                       |                      | (5)        |                                       |                      | 958        |
| Gain on change in fair value of limited liability investment, at fair value              |                                       |                      | 111        |                                       |                      | 95         |
| Interest expense   |                                       |                      | (1,505)    |                                       |                      | (1,173)    |
| General and administrative expenses and other revenue not allocated to segments, net (b) |                                       |                      | (3,329)    |                                       |                      | (3,290)    |
| Amortization of intangible assets  |                                       |                      | (2,362)    |                                       |                      | (1,437)    |
| Impairment of intangible assets  |                                       |                      | (249)      |                                       |                      | (640)      |
| (Loss) gain on change in fair value of debt  |                                       |                      | (18)       |                                       |                      | 81         |
| Loss on extinguishment of debt   |                                       |                      | (121)      |                                       |                      | —          |
| Loss from continuing operations before income tax (benefit) expense                      |                                       |                      | (4,461)    |                                       |                      | (2,155)    |
| Income tax (benefit) expense   |                                       |                      | (2,050)    |                                       |                      | 21         |
| Loss from continuing operations  |                                       |                      | \$ (2,411) |                                       |                      | \$ (2,176) |

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Total segment operating income reconciled to the consolidated loss from continuing operations for the for the nine months ended September 30, 2025 and September 30, 2024 is as follows:

| (in thousands)   | Nine Months Ended September 30, 2025 |                      |           | Nine Months Ended September 30, 2024 |                      |           |
|--|--------------------------------------|----------------------|-----------|--------------------------------------|----------------------|-----------|
|  | KSX                                  | Extended<br>Warranty | Total     | KSX                                  | Extended<br>Warranty | Total     |
| Service fee and commission revenue   | \$ 43,931                            | \$ 52,510            | \$ 96,441 | \$ 28,109                            | \$ 51,633            | \$ 79,742 |
| <b>Less segment expenses:</b>  |                                      |                      |           |                                      |                      |           |
| Claims authorized on vehicle service agreements  | —                                    | 19,353               | 19,353    | —                                    | 18,793               | 18,793    |
| Commissions  | (93)                                 | 8,779                | 8,686     | 71                                   | 8,115                | 8,186     |
| Cost of services sold  | 23,990                               | 3,043                | 27,033    | 16,596                               | 2,691                | 19,287    |
| Salaries and benefits  | 7,095                                | 12,371               | 19,466    | 4,410                                | 11,053               | 15,463    |
| Insurance expense  | 488                                  | 1,738                | 2,226     | 212                                  | 1,702                | 1,914     |
| Professional fees  | 1,314                                | 1,000                | 2,314     | 731                                  | 676                  | 1,407     |
| IT expense   | 1,147                                | 963                  | 2,110     | 514                                  | 871                  | 1,385     |
| Other segment items (a)  | 4,013                                | 4,410                | 8,423     | 1,647                                | 3,708                | 5,355     |
| Total segment operating income   | \$ 5,977                             | \$ 853               | \$ 6,830  | \$ 3,928                             | \$ 4,024             | \$ 7,952  |
| Net investment income  |                                      |                      | 1,221     |                                      |                      | 1,037     |
| Net realized gains   |                                      |                      | 52        |                                      |                      | 1,359     |
| Net loss on equity investments   |                                      |                      | —         |                                      |                      | (3)       |
| Gain on change in fair value of limited liability investment, at fair value              |                                      |                      | 289       |                                      |                      | 173       |
| Interest expense   |                                      |                      | (4,000)   |                                      |                      | (3,480)   |
| General and administrative expenses and other revenue not allocated to segments, net (b) |                                      |                      | (9,048)   |                                      |                      | (7,116)   |
| Amortization of intangible assets  |                                      |                      | (5,754)   |                                      |                      | (4,308)   |
| Impairment of intangible assets  |                                      |                      | (468)     |                                      |                      | (1,841)   |
| Gain on change in fair value of debt   |                                      |                      | 1         |                                      |                      | (48)      |
| Loss on extinguishment of debt   |                                      |                      | (236)     |                                      |                      | (160)     |
| Loss from continuing operations before income tax (benefit) expense                      |                                      |                      | (11,113)  |                                      |                      | (6,435)   |
| Income tax (benefit) expense   |                                      |                      | (2,445)   |                                      |                      | 209       |
| Loss from continuing operations  |                                      |                      | (8,668)   |                                      |                      | (6,644)   |

- (a) Other segment items in the table above for each reportable segment include bank charges, bad debt expense, occupancy expenses, depreciation expense, licenses and taxes, general overhead expenses and miscellaneous income.
- (b) General and administrative expenses and other revenue not allocated to segments, net includes corporate and non-operating general and administrative expenses, contingent consideration expense (2024 year to date only) and non-operating other revenue.

**NOTE 21 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best evidenced by quoted bid or ask price, as appropriate, in an active market. Where bid or ask prices are not available, such as in an illiquid or inactive market, the closing price of the most recent transaction of that instrument subject to appropriate adjustments as required is used. Where quoted market prices are not available, the quoted prices of similar financial instruments or valuation models with observable market-based inputs are used to estimate the fair value. These valuation models may use multiple observable market inputs, including observable interest rates, foreign-exchange rates, index levels, credit spreads, equity prices, counterparty credit quality, corresponding market volatility levels and option volatilities. Minimal management judgment is required for fair values calculated using quoted market prices or observable market inputs for models. Greater subjectivity is required when making valuation adjustments for financial instruments in inactive markets or when using models where observable parameters do not exist. Also, the calculation of estimated fair value is based on market conditions at a specific point in time and may not be reflective of future fair values. For the Company's financial instruments carried at cost or amortized cost, the book value is not adjusted to reflect increases or decreases in fair value due to market fluctuations, including those due to interest rate changes, as it is the Company's intention to hold them until there is a recovery of fair value, which may be to maturity.

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The Company employs a fair value hierarchy to categorize the inputs it uses in valuation techniques to measure the fair value. The following fair value hierarchy is used in selecting inputs, with the highest priority given to Level 1:

- Level 1 – Quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs are not observable.

The Company classifies its investments in fixed maturities as available-for-sale and reports these investments at fair value. The Company's limited liability investment, at fair value, subordinated debt, contingent consideration, seller phantom equity awards and redeemable noncontrolling interest are measured and reported at fair value.

*Fixed maturities* - Fair values of fixed maturities for which no active market exists are derived from quoted market prices of similar instruments or other third-party evidence. All classes of the Company's fixed maturities, primarily consisting of investments in US Treasury bills and government bonds; obligations of states, municipalities and political subdivisions; mortgage-backed securities; and corporate securities, are classified as Level 2. Level 2 is applied to valuations based upon quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are inactive; or valuations based on models where the significant inputs are observable or can be corroborated by observable market data.

The Company engages a third-party vendor who utilizes third-party pricing sources and primarily employs a market approach to determine the fair values of our fixed maturities. The market approach includes primarily obtaining prices from independent third-party pricing services as well as, to a lesser extent, quotes from broker-dealers. Our third-party vendor also monitors market indicators, as well as industry and economic events, to ensure pricing is appropriate. All classes of our fixed maturities are valued using this technique. The Company has obtained an understanding of our third-party vendor's valuation methodologies and inputs. Fair values obtained from our third-party vendor are not adjusted by the Company.

The following is a description of the significant inputs, by asset class, used by the third-party pricing services to determine the fair values of our fixed maturities included in Level 2:

- U.S. government, government agencies and authorities are generally priced using the market approach. Inputs generally consist of trades of identical or similar securities, quoted prices in inactive markets and maturity.
- States, municipalities and political subdivisions are generally priced using the market approach. Inputs generally consist of trades of identical or similar securities, quoted prices in inactive markets, new issuances and credit spreads.
- Mortgage-backed and asset-backed securities are generally priced using the market approach. Inputs generally consist of trades of identical or similar securities, quoted prices in inactive markets, expected prepayments, expected credit default rates, delinquencies and issue specific information including, but not limited to, collateral type, seniority and vintage.
- Corporate securities are generally priced using the market approach using pricing vendors. Inputs generally consist of trades of identical or similar securities, quoted prices in inactive markets, issuer rating, benchmark yields, maturity and credit spreads.

*Limited liability investment, at fair value* - Limited liability investment, at fair value, include the underlying investments of Argo Holdings. Argo Holdings makes investments in limited liability companies and limited partnerships that hold investments in private operating companies.

The fair value of Argo Holdings' limited liability investments that hold investments in private operating companies is valued using a market approach including valuation multiples applied to corresponding performance metrics, such as earnings before interest, tax, depreciation and amortization; revenue; or net earnings. The selected valuation multiples were estimated using multiples provided by the investees and review of those multiples in light of investor updates, performance reports, financial statements and other relevant information. These investments are categorized in Level 3 of the fair value hierarchy.

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*Subordinated debt* - The fair value of the subordinated debt is calculated using a model based on significant market observable inputs and inputs developed by a third-party. These inputs include credit spread assumptions developed by a third-party and market observable swap rates. The subordinated debt is categorized in Level 2 of the fair value hierarchy.

*Contingent consideration* - The consideration for the Company's acquisitions of Ravix, CSuite, Advanced Plumbing and Southside Plumbing includes future payments to the former owners that are contingent upon the achievement of certain targets over future reporting periods. Liabilities for contingent consideration are measured and reported at fair value and are included in accrued expenses and other liabilities in the consolidated balance sheets. Contingent consideration liabilities are revalued each reporting period. Changes in the fair value of contingent consideration liabilities can result from changes to one or multiple inputs, including adjustments to the discount rates or changes in the assumed achievement or timing of any targets. Any changes in fair value are reported in the consolidated statements of operations as non-operating other revenue, net. The contingent consideration liabilities are categorized in Level 3 of the fair value hierarchy.

- The fair value of Ravix's contingent consideration liability was estimated by applying the Monte Carlo simulation method to forecast achievement of gross profit which resulted in the maximum of \$4.5 million in total payments to the former owners of Ravix through October 2024. Key inputs in the valuation included forecasted gross profit, gross profit volatility, discount rate and discount term. During 2022 and 2023, Ravix made payments to the former owners totaling \$1.1 million. The remaining contingent liability of \$3.4 million was due to be paid in October 2024. Ravix made a payment of \$0.7 million during the fourth quarter of 2024. In accordance with the terms of the purchase agreement, any unpaid portion will bear interest at an annual rate of 6.0%. In February 2025, the Ravix contingent consideration liability and related accrued interest was paid in full. At September 30, 2025 and December 31, 2024, the unpaid contingent consideration liability due to the former owners of Ravix was zero and \$2.7 million, respectively. Accrued interest on the unpaid contingent consideration liability, which is included in accrued expenses and other liabilities in the consolidated balance sheet, was zero and less than \$0.1 million at September 30, 2025 and December 31, 2024, respectively.
- The fair value of CSuite's contingent consideration liability is estimated by applying the Monte Carlo simulation method to forecast achievement of gross revenue which may result in up to \$3.6 million in total payments to the former owners of CSuite through November 2025. Key inputs in the valuation include forecasted gross revenue, gross revenue volatility, discount rate and discount term. The estimated fair value of the CSuite contingent consideration liability at September 30, 2025 and December 31, 2024 was zero.
- The fair value of Advanced Plumbing's contingent consideration liability is estimated by applying the Monte Carlo simulation method to forecast achievement of adjusted EBITDA, which may result in up to \$1.5 million in total payments to the former owners of Advanced Plumbing through August 2028. Key inputs in the valuation include projected EBITDA, asset volatility, risk-free rate, discount rate and discount term. The estimated fair value of the Advanced Plumbing contingent consideration liability at September 30, 2025 was \$0.8 million.
- The fair value of Southside's contingent consideration liability is estimated by applying the Monte Carlo simulation method to forecast achievement of adjusted EBITDA, which may result in up to \$1.125 million in total payments to the former owners of Southside Plumbing through August 2028. Key inputs in the valuation include projected EBITDA, asset volatility, risk-free rate, discount rate and discount term. The estimated fair value of the Southside Plumbing contingent consideration liability at September 30, 2025 was \$0.2 million.

*Seller phantom equity awards* - In connection with the acquisition of Roundhouse, the Company granted phantom equity awards to the former owners. The seller phantom equity awards are measured and reported at fair value and is included in accrued expenses and other liabilities in the consolidated balance sheet at September 30, 2025. The seller phantom equity awards liability is measured and reported at fair value at the date of grant and is revalued each reporting period. Changes in the fair value of the seller phantom equity awards can result from changes to one or multiple inputs, including adjustments to the discount rates or changes in Roundhouse performance. Any changes in fair value are reported in the consolidated statements of operations as non-operating other revenue, net. The seller phantom equity awards liability is categorized in Level 3 of the fair value hierarchy.

*Redeemable noncontrolling interest* - Redeemable noncontrolling interest represents a 20% noncontrolling ownership in Southside Plumbing, which was acquired on August 14, 2025. The 20% noncontrolling interest in Southside Plumbing includes a put option redemption right for the noncontrolling interest holder to require the Company to repurchase the 20% interest of the noncontrolling interest holder at fair value, on the fifth anniversary of the acquisition of Southside Plumbing, or August 14, 2030. The redeemable noncontrolling interest was initially recorded at fair value at the date of issuance and is subsequently adjusted each reporting period to the greater of the carrying value or the redemption value of the redeemable noncontrolling interest. The redemption amounts have been estimated based on the fair value of the subsidiary, determined using discounted cash flow methods, which represents a level 3 fair value measurement. See Note 17, "Redeemable Noncontrolling Interest," for further information regarding the process of determining the fair value of the redeemable noncontrolling interest at September 30, 2025.

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**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

The balances of the Company's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as of September 30, 2025 and December 31, 2024 are as follows.

| (in thousands)                                       | September 30, 2025   |   |  |  |
|--|--|---|--|--|
|  | Fair Value Measurements at the End of the Reporting Period Using |   |  |  |
|  | Total  | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Recurring fair value measurements:</b>            |  |   |  |  |
| <b>Assets:</b>                                       |  |   |  |  |
| <b>Fixed maturities:</b>                             |  |   |  |  |
| U.S. government, government agencies and authorities | \$ 14,380  | \$ —  | \$ 14,380  | \$ —   |
| States, municipalities and political subdivisions    | 1,764  | —   | 1,764  | —  |
| Mortgage-backed                                      | 9,897  | —   | 9,897  | —  |
| Asset-backed   | 1,224  | —   | 1,224  | —  |
| Corporate  | 10,135   | —   | 10,135   | —  |
| Total fixed maturities                               | 37,400   | —   | 37,400   | —  |
| Limited liability investment, at fair value          | 3,148  | —   | —  | 3,148  |
| Total assets   | \$ 40,548  | \$ —  | \$ 37,400  | \$ 3,148   |
| <b>Liabilities:</b>                                  |  |   |  |  |
| Subordinated debt                                    | \$ 13,889  | \$ —  | \$ 13,889  | \$ —   |
| Contingent consideration                             | 980  | —   | —  | 980  |
| Seller phantom equity awards                         | 3,328  | —   | —  | 3,328  |
| Total liabilities                                    | \$ 18,197  | \$ —  | \$ 13,889  | \$ 4,308   |
| Redeemable noncontrolling interest                   | \$ 925   | \$ —  | \$ —   | \$ 925   |

| (in thousands)                                       | December 31, 2024  |   |  |  |
|--|--|---|--|--|
|  | Fair Value Measurements at the End of the Reporting Period Using |   |  |  |
|  | Total  | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Recurring fair value measurements:</b>            |  |   |  |  |
| <b>Assets:</b>                                       |  |   |  |  |
| <b>Fixed maturities:</b>                             |  |   |  |  |
| U.S. government, government agencies and authorities | \$ 13,354  | \$ —  | \$ 13,354  | \$ —   |
| States municipalities and political subdivisions     | 2,775  | —   | 2,775  | —  |
| Mortgage-backed                                      | 9,886  | —   | 9,886  | —  |
| Asset-backed   | 1,326  | —   | 1,326  | —  |
| Corporate  | 9,622  | —   | 9,622  | —  |
| Total fixed maturities                               | 36,963   | —   | 36,963   | —  |
| Limited liability investment, at fair value          | 2,859  | —   | —  | 2,859  |
| Total assets   | \$ 39,822  | \$ —  | \$ 36,963  | \$ 2,859   |
| <b>Liabilities:</b>                                  |  |   |  |  |
| Subordinated debt                                    | \$ 13,409  | \$ —  | \$ 13,409  | \$ —   |
| Contingent consideration                             | 2,725  | —   | —  | 2,725  |
| Total liabilities                                    | \$ 16,134  | \$ —  | \$ 13,409  | \$ 2,725   |

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The following table provides a reconciliation of the fair value of recurring Level 3 fair value measurements for the three and nine months ended September 30, 2025 and September 30, 2024:

| (in thousands)   | Three months ended September 30, |          | Nine months ended September 30, |          |
|--|----------------------------------|----------|---------------------------------|----------|
|  | 2025                             | 2024     | 2025                            | 2024     |
| <b>Assets:</b>   |                                  |          |                                 |          |
| Limited liability investment, at fair value:   |                                  |          |                                 |          |
| Beginning balance  | \$ 3,037                         | \$ 2,908 | \$ 2,859                        | \$ 3,496 |
| Distributions received   | (34)                             | (1,186)  | (129)                           | (2,238)  |
| Realized gains included in net loss  | 34                               | 874      | 129                             | 1,260    |
| Change in fair value of limited liability investment, at fair value included in net loss         | 111                              | 95       | 289                             | 173      |
| Ending balance   | \$ 3,148                         | \$ 2,691 | \$ 3,148                        | \$ 2,691 |
| Unrealized losses (gains) on limited liability investments, at fair value held at end of period: |                                  |          |                                 |          |
| Included in net loss   | \$ 111                           | \$ 95    | \$ 289                          | \$ 173   |
| Included in other comprehensive income   | \$ —                             | \$ —     | \$ —                            | \$ —     |
| Ending balance - assets  | \$ 3,148                         | \$ 2,691 | \$ 3,148                        | \$ 2,691 |
| <b>Liabilities:</b>  |                                  |          |                                 |          |
| Contingent consideration:  |                                  |          |                                 |          |
| Beginning balance  | \$ —                             | \$ 3,375 | \$ 2,725                        | \$ 3,105 |
| Issuance of contingent consideration in connection with acquisitions                             | 980                              | —        | 980                             | —        |
| Settlements of contingent consideration liabilities  | —                                | —        | (2,725)                         | —        |
| Change in fair value of contingent consideration included in net loss                            | —                                | —        | —                               | 270      |
| Ending balance   | \$ 980                           | \$ 3,375 | \$ 980                          | \$ 3,375 |
| Unrealized gains recognized on contingent consideration liability held at end of period:         |                                  |          |                                 |          |
| Included in net loss   | \$ —                             | \$ —     | \$ —                            | \$ 270   |
| Included in other comprehensive income   | \$ —                             | \$ —     | \$ —                            | \$ —     |
| Seller phantom equity awards:  |                                  |          |                                 |          |
| Beginning balance  | \$ —                             | \$ —     | \$ —                            | \$ —     |
| Issuance of seller phantom equity awards in connection with acquisition                          | 3,328                            | —        | 3,328                           | —        |
| Ending balance   | \$ 3,328                         | \$ —     | \$ 3,328                        | \$ —     |
| Ending balance - liabilities   | \$ 4,308                         | \$ 3,375 | \$ 4,308                        | \$ 3,375 |

The following table summarizes the valuation techniques and significant unobservable inputs utilized in determining fair values for the Company's financial assets and liabilities that are categorized as Level 3 at September 30, 2025:

| Categories                                  | Fair Value<br>(in thousands) | Valuation Techniques         | Unobservable Inputs     | Input Value(s) |
|---|------------------------------|------------------------------|-------------------------|----------------|
| Limited liability investment, at fair value | \$ 3,148                     | Market approach              | Valuation multiples     | 1.0x - 9.0x    |
| Contingent consideration                    | \$ 980                       | Option-based income approach | Discount rate           | 14.0%-17.0%    |
|   |                              |                              | Risk-free rate          | 3.64%-3.67%    |
|   |                              |                              | Expected volatility     | 28.0%          |
| Seller phantom equity awards                | \$ 3,328                     | Market approach              | Internal rate of return | 19.7%          |
| Redeemable noncontrolling interest          | \$ 925                       | Market approach              | Discount rate           | 20.0%          |

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The following table summarizes the valuation techniques and significant unobservable inputs utilized in determining fair values for the Company's financial assets and liabilities that are categorized as Level 3 at December 31, 2024:

| Categories                                  | Fair Value<br>(in thousands) | Valuation Techniques         | Unobservable Inputs | Input Value(s) |
|---|------------------------------|------------------------------|---------------------|----------------|
| Limited liability investment, at fair value | \$ 2,859                     | Market approach              | Valuation multiples | 1.0x - 9.0x    |
| Contingent consideration                    | \$ 2,725                     | Option-based income approach | Discount rate       | 8.25%          |
|   |                              |                              | Risk-free rate      | 4.96%          |
|   |                              |                              | Expected volatility | 9.0%           |

**Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis**

Certain assets and liabilities are measured at fair value on a nonrecurring basis, including assets that are adjusted for observable price changes or written down to fair value as a result of an impairment. For the three and nine months ended September 30, 2025 and September 30, 2024, the Company did not record any adjustments to the fair value of its investments in private companies for observable price changes. The Company did not record any impairments related to investments in private companies for the three and nine months ended September 30, 2025 and September 30, 2024. To determine the fair value of investments in these private companies, the Company considered rounds of financing and third-party transactions, discounted cash flow analyses and market-based information, including comparable transactions, trading multiples and changes in market outlook, among other factors. The Company has classified the fair value measurements of these investments in private companies as Level 3 because they involve significant unobservable inputs.

Indefinite-lived intangible assets are recorded at carrying value, and, if impaired, are adjusted to fair value using Level 3 inputs. Refer to Note 8, "Intangible Assets" for further information regarding the process of determining the fair value of indefinite-lived intangible assets and the impairment charges recorded for the three and nine months ended September 30, 2025 and September 30, 2024.

As further discussed in Note 5, "Acquisitions and Discontinued Operations," the Company acquired Bud's Plumbing on March 14, 2025 and allocated the purchase price to the assets acquired and liabilities assumed. The fair values of intangible assets associated with the acquisition of Bud's Plumbing were determined to be Level 3 under the fair value hierarchy.

The following table summarizes the valuation techniques and significant unobservable inputs utilized in determining fair values for these Level 3 measurements:

| Categories             | Fair Value<br>(in thousands) | Valuation Techniques         | Unobservable Inputs | Input Value(s) |
|------------------------|------------------------------|------------------------------|---------------------|----------------|
| Customer relationships | \$ 500                       | Multi-period excess earnings | Growth rate         | 3.0%           |
|                        |                              |                              | Attrition rate      | 30.0%          |
|                        |                              |                              | Discount rate       | 18.0%          |
| Trade name             | \$ 3,100                     | Relief from royalty          | Royalty rate        | 5.0%           |
|                        |                              |                              | Discount rate       | 17.0%          |

As further discussed in Note 5, "Acquisitions and Discontinued Operations," the Company acquired Roundhouse on July 1, 2025 and provisionally allocated the purchase price to the assets acquired and liabilities assumed. The fair values of intangible assets associated with the acquisition of Roundhouse were determined to be Level 3 under the fair value hierarchy.

The following table summarizes the valuation techniques and significant unobservable inputs utilized in determining fair values for these Level 3 measurements:

| Categories             | Fair Value<br>(in thousands) | Valuation Techniques         | Unobservable Inputs | Input Value(s) |
|------------------------|------------------------------|------------------------------|---------------------|----------------|
| Customer relationships | \$ 11,000                    | Multi-period excess earnings | Growth rate         | 9.0%           |
|                        |                              |                              | Attrition rate      | 10.0%          |
|                        |                              |                              | Discount rate       | 21.0%          |
| Trade name             | \$ 1,220                     | Relief from royalty          | Royalty rate        | 1.5%           |
|                        |                              |                              | Discount rate       | 20.0%          |

As further discussed in Note 5, "Acquisitions and Discontinued Operations," the Company acquired Advanced Plumbing on August 1, 2025 and provisionally allocated the purchase price to the assets acquired and liabilities assumed. The fair values of intangible assets associated with the acquisition of Advanced Plumbing were determined to be Level 3 under the fair value hierarchy.

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The following table summarizes the valuation techniques and significant unobservable inputs utilized in determining fair values for these Level 3 measurements:

| Categories             | Fair Value<br>(in thousands) | Valuation Techniques         | Unobservable Inputs | Input Value(s) |
|------------------------|------------------------------|------------------------------|---------------------|----------------|
| Customer relationships | \$ 1,100                     | Multi-period excess earnings | Growth rate         | 3.0%           |
|                        |                              |                              | Attrition rate      | 15.0%          |
|                        |                              |                              | Discount rate       | 17.0%          |
| Trade name             | \$ 1,600                     | Relief from royalty          | Royalty rate        | 3.0%           |
|                        |                              |                              | Discount rate       | 16.0%          |

As further discussed in Note 5, "Acquisitions and Discontinued Operations," the Company acquired Southside Plumbing on August 14, 2025 and provisionally allocated the purchase price to the assets acquired and liabilities assumed. The fair values of intangible assets associated with the acquisition of Southside Plumbing were determined to be Level 3 under the fair value hierarchy.

The following table summarizes the valuation techniques and significant unobservable inputs utilized in determining fair values for these Level 3 measurements:

| Categories             | Fair Value<br>(in thousands) | Valuation Techniques         | Unobservable Inputs | Input Value(s) |
|------------------------|------------------------------|------------------------------|---------------------|----------------|
| Customer relationships | \$ 1,000                     | Multi-period excess earnings | Growth rate         | 5.0%           |
|                        |                              |                              | Attrition rate      | 20.0%          |
|                        |                              |                              | Discount rate       | 15.0%          |
| Trade name             | \$ 1,100                     | Relief from royalty          | Royalty rate        | 3.0%           |
|                        |                              |                              | Discount rate       | 14.0%          |

As further discussed in Note 5, "Acquisitions and Discontinued Operations," the Company acquired Image Solutions on September 26, 2024 and allocated the purchase price to the assets acquired and liabilities assumed. The fair values of intangible assets associated with the acquisition of Image Solutions were determined to be Level 3 under the fair value hierarchy.

The following table summarizes the valuation techniques and significant unobservable inputs utilized in determining fair values for these Level 3 measurements:

| Categories             | Fair Value<br>(in thousands) | Valuation Techniques         | Unobservable Inputs | Input Value(s) |
|------------------------|------------------------------|------------------------------|---------------------|----------------|
| Customer relationships | \$ 11,100                    | Multi-period excess earnings | Growth rate         | 3.0%           |
|                        |                              |                              | Attrition rate      | 2.0%           |
|                        |                              |                              | Discount rate       | 25.0%          |
| Trade name             | \$ 1,500                     | Relief from royalty          | Royalty rate        | 2.0%           |
|                        |                              |                              | Discount rate       | 25.0%          |

**NOTE 22 RELATED PARTIES**

Related party transactions, including services provided to or received by the Company's subsidiaries, are measured in part by the amount of consideration paid or received as established and agreed by the parties. Except where disclosed elsewhere in these unaudited consolidated interim financial statements, the following is a summary of related party relationships and transactions.

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**Argo Management Group, LLC**

The Company acquired Argo Management Group, LLC ("Argo Management") in April 2016. Argo Management's primary business is to act as Managing Member of Argo Holdings. At September 30, 2025 and December 31, 2024, each of the Company, John T. Fitzgerald ("Fitzgerald"), the Company's Chief Executive Officer and President, and certain of Fitzgerald's immediate family members owns equity interests in Argo Holdings, all of which interests were acquired prior to the Company's acquisition of Argo Management. Subject to certain limitations, Argo Holdings' governing documents require all individuals and entities owning an equity interest in Argo Holdings to fund upon request his/her/its pro rata share of any funding requirements of Argo Holdings up to an aggregate maximum amount equal to his/her/its total capital commitment (each request for funds being referred to as a "Capital Call"). Argo Holdings made no Capital Calls during the nine months ended September 30, 2025 and the year ended December 31, 2024.

**Preferred Stock Private Placements**

As further described in Note 16, "Redeemable Preferred Stock,":

- On September 24, 2024, the Company closed on a private placement for aggregate proceeds totaling \$8.3 million, resulting from the sale and issuance of 330,000 shares of Class B Preferred Stock. Fitzgerald, one of Fitzgerald's immediate family members, certain members of the Company's Board of Directors and members of the KSX Advisory Board invested a total of \$5.2 million in the Class B Preferred Stock private placement transaction.
- In February 2025, the Company closed on a private placement for aggregate proceeds totaling \$6.0 million, resulting from the sale and issuance of 240,000 shares of Class C Preferred Stock. Certain members of the Company's Board of Directors and one of Fitzgerald's immediate family members invested a total of \$3.7 million in the Class C Preferred Stock private placement transaction.
- On May 8, 2025, the Company closed on a private placement for aggregate proceeds totaling \$2.0 million, resulting from the sale and issuance of 80,000 shares of Class D Preferred Stock. Certain members of the Company's Board of Directors invested a total of \$2.0 million in the Class D Preferred Stock private placement transaction.

**VA Lafayette**

On August 16 2024, the Company closed on the sale of 100% of the membership interests in VA Lafayette to a third-party, who subsequently invested in the Company's private placement transaction that closed on September 24, 2024 and is a current holder of the Company's Class B Preferred Stock (refer to Note 5, "Acquisitions and Discontinued Operations," for further detail of the sale of VA Lafayette and Note 16, "Redeemable Preferred Stock," for further detail of the private placement). The Company determined the sale was an arms-length transaction based upon the purchase price paid compared to the pricing of similar third-party transactions, and given the fact that the terms of the sale were negotiated before the private placement was contemplated.

**Seller Note Exchange for Common Stock**

As part of the acquisition of Bud's Plumbing on March 14, 2025, the Company entered into a \$1.25 million promissory note ("KPH Note"), with the seller of Bud's Plumbing to partially finance the acquisition of Bud's Plumbing. On August 7, 2025, the balance of the KPH Note of approximately \$1.2 million was repaid in full to the seller of Bud's Plumbing in exchange 82,738 shares of Kingsway common stock issued at \$13.90 per share. The seller is a current employee of Bud's Plumbing.

**Seller Notes Payable**

As part of the acquisition of Advanced Plumbing on August 1, 2025, the Company entered into a \$0.5 million promissory note, which is recorded as note payable in the consolidated balance sheet (the "AAA Note"), with the seller of Advanced Plumbing to partially finance the acquisition of Advanced Plumbing. The seller is a current employee of Advanced Plumbing. The AAA Note matures on August 1, 2030, requires quarterly payments of principal and monthly payments of interest and has an annual fixed interest rate of 6.00%.

As part of the acquisition of Southside Plumbing on August 14, 2025, the Company entered into a \$0.5 million promissory note, which is recorded as note payable in the consolidated balance sheet (the "Southside Note"), with the seller of Southside Plumbing to partially finance the acquisition of Southside Plumbing. The seller is a current employee of Southside Plumbing. The Southside Note matures on August 1, 2030, requires quarterly payments of principal and monthly payments of interest and has an annual fixed interest rate of 6.00%.

**Amounts Payable to Employees**

The Company had amounts payable to certain employees who are related parties, primarily representing reimbursable expenses totaling \$0.4 million at September 30, 2025. These employees include management personnel at AAA and Southside Plumbing. All amounts are non-interest-bearing and are expected to be settled in cash within the normal course of business.

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**Common Stock Private Placement**

As further described in Note 18, "Shareholders' Equity", on June 24, 2025, the Company entered into a Purchase Agreement with certain third-parties for aggregate gross proceeds of \$15.7 million, resulting from the sale of 1,336,264 shares of its Common Stock in a private placement transaction. Blue Riband Fund LP invested \$3.0 million in the Common Stock private placement transaction. Mirabella Financial Services LLP acts as the Investment Manager for Blue Riband Fund LP and is a shareholder known by the Company to be a beneficial owner of more than 5% of the Company's outstanding common shares.

**Office Leases**

Roundhouse leases its primary office space from an entity owned by the sellers of Roundhouse, one of which is also a current employee of Roundhouse. The lease commenced on July 1, 2025 and provides for monthly rent payments totaling \$5.3 million over a term of 10 years. Lease payments are considered to be at rates consistent with those the Company believes could be obtained from an unrelated third party for similar space and terms. For the three months ended September 30, 2025, total lease expense of \$0.1 million was recognized related to this office lease.

Advanced Plumbing leases its primary office space from an entity owned by the seller of Advanced Plumbing, who is also a current employee of Advanced Plumbing. The lease commenced on August 1, 2025 and provides for monthly rent payments totaling \$0.7 million over a term of 7 years. Lease payments are considered to be at rates consistent with those the Company believes could be obtained from an unrelated third party for similar space and terms. For the three months ended September 30, 2025, total lease expense of less than \$0.1 million was recognized related to this office lease.

Southside Plumbing leases its primary office space from a current employee of Southside Plumbing. The lease commenced on August 14, 2025 and provides for monthly rent payments totaling \$0.5 million over a term of 7 years. Lease payments are considered to be at rates consistent with those the Company believes could be obtained from an unrelated third party for similar space and terms. For the three months ended September 30, 2025, total lease expense of less than \$0.1 million was recognized related to this office lease.

**NOTE 23 COMMITMENTS AND CONTINGENCIES****(a) Legal proceedings:**

In May 2016, Aegis Security Insurance Company ("Aegis") filed a complaint for breach of contract and declaratory relief against the Company in the Eastern District of Pennsylvania alleging, among other things, that the Company breached a contractual obligation to indemnify Aegis for certain customs bond losses incurred by Aegis under the indemnity and hold harmless agreements provided by the Company to Aegis for certain customs bonds reinsured by Lincoln General Insurance Company ("Lincoln General") during the period of time that Lincoln General was a subsidiary of the Company. Lincoln General was placed into liquidation in November 2015 and Aegis subsequently invoked its rights to indemnity under the indemnity and hold harmless agreements. Effective January 20, 2020, Aegis and the Company entered into a Settlement Agreement (the "Settlement Agreement") with respect to such litigation pursuant to which the Company agreed to pay Aegis a one-time settlement amount of \$0.9 million, and to reimburse Aegis for 60% of future losses that Aegis may sustain in connection with such customs bonds, up to a maximum reimbursement amount of \$4.8 million. From 2020 through 2024, the Company made reimbursement payments to Aegis totaling \$1.7 million in connection with the Settlement Agreement. During the three months ended September 30, 2024, the Company made reimbursement payments to Aegis of \$0.2 million (\$0.7 million and \$0.2 million for the nine months ended September 30, 2025 and September 30, 2024, respectively), in connection with the Settlement Agreement, which is included in general and administrative expenses in the unaudited consolidated statements of operations for the three and nine months ended September 30, 2025 and September 30, 2024.

The Company's obligation to make reimbursement payments to Aegis terminated on June 30, 2025.

**(b) Collateral pledged and restricted cash:**

Short-term investments with an estimated fair value of \$0.2 million at September 30, 2025 and December 31, 2024, were on deposit with state regulatory authorities.

The Company also has restricted cash of \$7.5 million and \$7.6 million at September 30, 2025 and December 31, 2024, respectively. Included in restricted cash are:

- \$7.0 million and \$6.8 million at September 30, 2025 and December 31, 2024, respectively, held as deposits by IWS, Geminus, PWI, Ravix and CSuite;
- \$0.2 million at September 30, 2025 and December 31, 2024, on deposit with state regulatory authorities; and
- \$0.4 million and \$0.7 million at September 30, 2025 and December 31, 2024, respectively, pledged to third-parties as deposits or to collateralize liabilities. Collateral pledging transactions are conducted under terms that are common and customary to standard collateral pledging and are subject to the Company's standard risk management controls.

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

### FORWARD-LOOKING STATEMENTS

Management's Discussion and Analysis includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that are not historical facts, and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. Words such as "expects," "believes," "anticipates," "intends," "estimates," "seeks" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect Kingsway management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, see Kingsway's securities filings, including its Annual Report on Form 10-K for the year ended December 31, 2024 ("2024 Annual Report"). The Company's securities filings can be accessed on the EDGAR section of the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov), on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com) or through the Company's website at [www.kingsway-financial.com](http://www.kingsway-financial.com). Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements because of new information, future events or otherwise.

### OVERVIEW

Kingsway is a Delaware holding company with operating subsidiaries located in the United States. The Company is the only publicly-traded US company employing the Search Fund model to acquire and build great businesses and owns and operates a collection of high-quality B2B and B2C services companies that are asset-light, growing, profitable, and that have recurring revenues. Kingsway seeks to compound long-term shareholder value on a per share basis via its decentralized management model, its talented team of operators, and its tax-advantaged corporate structure. Kingsway conducts its business through two reportable segments: Kingsway Search Xcelerator and Extended Warranty.

Kingsway Search Xcelerator includes the following subsidiaries of the Company: CSuite Financial Partners, LLC ("CSuite"), Ravix Group, Inc. ("Ravix"), Secure Nursing Service LLC ("SNS"), Systems Products International, Inc. ("SPI"), Digital Diagnostics Inc. ("DDI"), Image Solutions, LLC ("Image Solutions"), Roundhouse Electric & Equipment Co., Inc. ("Roundhouse"), M.L.C. Plumbing, LLC (d/b/a Bud's Plumbing Service, "Bud's Plumbing"), Advanced Plumbing & Drain, LLC (d/b/a AAA Advanced Plumbing & Drain, "Advanced Plumbing") and Efficient Plumbing, LLC (d/b/a Southside Plumbing, "Southside Plumbing"). Throughout Management's Discussion and Analysis, the term "Kingsway Search Xcelerator" is used to refer to this segment.

CSuite is a professional services firm that provides experienced chief financial officer and other finance professionals to its clients through a variety of flexible offerings. These offerings include project and interim staffing engagements, and contingent search services for permanent placements for its clients throughout the United States.

Ravix provides outsourced financial services and human resources consulting for short or long duration engagements for customers throughout the United States.

SNS provides healthcare staffing services to acute healthcare facilities on a contract or per diem basis in the United States, primarily in California.

SPI provides software products created exclusively to serve the management needs of all types of shared-ownership properties throughout the United States, Europe, Asia, Australia, Mexico and the Caribbean.

DDI provides outsourced 24 hours a day and 7 days per week ("24/7") cardiac telemetry services for long-term acute care and inpatient rehabilitation hospitals. Outsourcing cardiac monitoring is intended to allow hospitals to eliminate personnel callouts and human resources issues, remove distractions from onsite operations, and free up facility staff to assist directly with patient care. DDI currently has a presence in 42 states and Puerto Rico.

Image Solutions provides comprehensive information technology managed services, including equipment sales, service, and helpdesk support to customers primarily in North Carolina, Kansas, Georgia, Kentucky and Tennessee.

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**KINGSWAY FINANCIAL SERVICES INC.**

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Roundhouse provides industrial-scale electric motor maintenance, repair, testing, and sales solutions primarily to midstream natural gas pipeline operators and utilities across the Permian Basin.

Kingsway Skilled Trades includes Bud's Plumbing, Advanced Plumbing and Southside Plumbing. Kingsway Skilled Trades provides a comprehensive range of plumbing services, including emergency repairs, drain cleaning, water heater installations, and water treatment solutions to residential and commercial customers, primarily in Evansville, Indiana (Bud's Plumbing), Cleveland, Ohio (Advanced Plumbing) and Omaha, Nebraska (Southside Plumbing).

Extended Warranty includes the following subsidiaries of the Company: IWS Acquisition Corporation ("IWS"), Geminus Holding Company, Inc. ("Geminus"), PWI Holdings, Inc. ("PWI") and Trinity Warranty Solutions LLC ("Trinity"). Throughout Management's Discussion and Analysis, the term "Extended Warranty" is used to refer to this segment.

IWS is a licensed motor vehicle service agreement company and is a provider of after-market vehicle protection services distributed by credit unions in 28 states and the District of Columbia to their members, with customers in all fifty states.

Geminus primarily sells vehicle service agreements to used car buyers across the United States, through its subsidiaries, The Penn Warranty Corporation ("Penn") and Prime Auto Care, Inc. ("Prime"). Penn and Prime distribute these products in 46 and 35 states, respectively, via independent used car dealerships and franchised car dealerships. Penn also sells and administers a guaranteed asset protection product ("GAP") in states where Penn is approved.

PWI markets, sells and administers vehicle service agreements to used car buyers in all fifty states via independent used car and franchise network of approved automobile and motorcycle dealer partners. PWI's business model is supported by an internal sales and operations team and partners with American Auto Shield in three states with a white label agreement.

Trinity sells heating, ventilation, air conditioning ("HVAC"), standby generator, commercial LED lighting and commercial refrigeration warranty products and provides equipment breakdown and maintenance support services to companies across the United States. As a seller of warranty products, Trinity markets and administers product warranty contracts for certain new and used products in the HVAC, standby generator, commercial LED lighting and commercial refrigeration industries throughout the United States. Trinity acts as an agent on behalf of the third-party insurance companies that underwrite and guaranty these warranty contracts. Trinity does not guaranty the performance underlying the warranty contracts it sells. As a provider of equipment breakdown and maintenance support services, Trinity acts as a single point of contact to its clients for both certain equipment breakdowns and scheduled maintenance of equipment. Trinity will provide such repair and breakdown services by contracting with certain HVAC providers.

**NON-U.S. GAAP FINANCIAL MEASURE**

Throughout this quarterly report, we present our operations in the way we believe will be most meaningful, useful and transparent to anyone using this financial information to evaluate our performance. Our unaudited consolidated interim 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. In addition to the U.S. GAAP presentation of net loss, we present segment operating income as a non-U.S. GAAP financial measure, which we believe is valuable in managing our business and drawing comparisons to our peers. Below is a definition of our non-U.S. GAAP measure and its relationship to U.S. GAAP.

**Segment Operating Income**

Segment operating income represents one measure of the pretax profitability of our segments and is derived by subtracting direct segment expenses from direct segment revenues. Revenues and expenses are presented in the unaudited consolidated interim statements of operations, but are not subtotaled by segment; however, this information is available in total and by segment in Note 20, "Segmented Information," to the unaudited consolidated interim financial statements, regarding reportable segment information. The nearest comparable U.S. GAAP measure to total segment operating income is operating (loss) income that, in addition to total segment operating income, includes corporate general and administrative expenses and excludes segment non-operating other revenue (expense).

## SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES

The preparation of unaudited consolidated interim financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and classifications of assets and liabilities, revenues and expenses, and the related disclosures of contingent assets and liabilities in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates. Estimates and their underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recorded in the accounting period in which they are determined.

The Company's most critical accounting policies are those that are most important to the portrayal of its financial condition and results of operations, and that require the Company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. The critical accounting policies and judgments in the accompanying unaudited consolidated interim financial statements include revenue recognition; valuation of fixed maturity investments; impairment assessment of investments; valuation of limited liability investment, at fair value; valuation of deferred income taxes; accounting for business combinations; valuation and impairment assessment of intangible assets; goodwill recoverability; fair value assumptions for subordinated debt obligations; and fair value assumptions for subsidiary stock-based compensation awards. Although management believes that its estimates and assumptions are reasonable, they are based upon information available when they are made, and therefore, actual results may differ from these estimates under different assumptions or conditions.

The Company's significant accounting policies and critical estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2024 Annual Report. There has been no material change subsequent to December 31, 2024 to the information previously disclosed in the 2024 Annual Report with respect to these significant accounting policies and critical estimates.

## RESULTS OF CONTINUING OPERATIONS

A reconciliation of total segment operating income to net loss for the three and nine months ended September 30, 2025 and September 30, 2024 is presented in Table 1 below:

**Table 1 Segment Operating Income**  
(in thousands of dollars)

|  | For the three months ended September 30, |            |          | For the nine months ended September 30, |            |            |
|--|--|------------|----------|---|------------|------------|
|  | 2025                                     | 2024       | Change   | 2025                                    | 2024       | Change     |
| Segment operating income:  |  |            |          |   |            |            |
| KSX  | \$ 2,185                                 | \$ 1,144   | \$ 1,041 | \$ 5,977                                | \$ 3,928   | \$ 2,049   |
| Extended Warranty  | 401                                      | 1,704      | (1,303)  | 853                                     | 4,024      | (3,171)    |
| Total segment operating income   | 2,586                                    | 2,848      | (262)    | 6,830                                   | 7,952      | (1,122)    |
| Net investment income  | 431                                      | 403        | 28       | 1,221                                   | 1,037      | 184        |
| Net realized (losses) gains  | (5)                                      | 958        | (963)    | 52                                      | 1,359      | (1,307)    |
| Net loss on equity investments   | —  | —          | —        | —                                       | (3)        | 3          |
| Gain on change in fair value of limited liability investment, at fair value          | 111                                      | 95         | 16       | 289                                     | 173        | 116        |
| Interest expense   | (1,505)                                  | (1,173)    | (332)    | (4,000)                                 | (3,480)    | (520)      |
| General and administrative expenses and other revenue not allocated to segments, net | (3,329)                                  | (3,290)    | (39)     | (9,048)                                 | (7,116)    | (1,932)    |
| Amortization of intangible assets  | (2,362)                                  | (1,437)    | (925)    | (5,754)                                 | (4,308)    | (1,446)    |
| Impairment of intangible assets  | (249)                                    | (640)      | 391      | (468)                                   | (1,841)    | 1,373      |
| (Loss) gain on change in fair value of debt  | (18)                                     | 81         | (99)     | 1                                       | (48)       | 49         |
| Loss on extinguishment of debt   | (121)                                    | —          | (121)    | (236)                                   | (160)      | (76)       |
| Loss from continuing operations before income tax (benefit) expense                  | (4,461)                                  | (2,155)    | (2,306)  | (11,113)                                | (6,435)    | (4,678)    |
| Income tax (benefit) expense   | (2,050)                                  | 21         | (2,071)  | (2,445)                                 | 209        | (2,654)    |
| Loss from continuing operations  | (2,411)                                  | (2,176)    | (235)    | (8,668)                                 | (6,644)    | (2,024)    |
| Income from discontinued operations, net of taxes (a)                                | —  | 81         | (81)     | —                                       | 439        | (439)      |
| Loss on disposal of discontinued operations, net of taxes (a)                        | —  | (216)      | 216      | —                                       | (620)      | 620        |
| Net loss   | \$ (2,411)                               | \$ (2,311) | \$ (100) | \$ (8,668)                              | \$ (6,825) | \$ (1,843) |

- (a) The income from discontinued operations and the loss on disposal of discontinued operations is related to VA Lafayette. See Note 5, "Acquisitions and Discontinued Operations," to the unaudited consolidated interim financial statements, for further information.

Among other items, the degree and pace of inflation and interest rate changes may have impacts on our business and the recently announced tariffs or retaliatory responses to such tariffs may impact the Company's operating income. The potential impact of current macroeconomic uncertainties on the Company's financial condition, results of operations, and cash flows is subject to change and continues to depend on the extent and duration of these uncertainties.

The discussion below highlights the key drivers of the current and prior year results.

#### **Kingsway Search Xcelerator**

The Kingsway Search Xcelerator revenue increased to \$19.0 million for the three months ended September 30, 2025 compared to \$9.3 million for the three months ended September 30, 2024 (an increase to \$43.9 million year to date compared to \$28.1 million prior year to date). Kingsway Search Xcelerator operating income was \$2.2 million for the three months ended September 30, 2025 compared to \$1.1 million for the three months ended September 30, 2024 (\$6.0 million year to date compared to \$3.9 million prior year to date). Revenue and operating income were primarily impacted by the following:

- The inclusion of Image Solutions for the three and nine months ended September 30, 2025 following its acquisition effective September 26, 2024. For the three months ended September 30, 2025, Image Solutions had revenue and operating income of \$2.0 million and \$0.6 million, respectively (revenue and operating income of \$5.9 million and \$1.5 million, respectively for the nine months ended September 30, 2025);
- DDI operating income increased \$0.2 million to \$0.3 million for the three months ended September 30, 2025 (an increase of \$0.3 million year to date to \$0.9 million), primarily due to an increase in revenue, partially offset by higher cost of sales for the year to date;
- CSuite operating income increased \$0.1 million to \$0.1 million for the three months ended September 30, 2025 (an increase of \$0.3 million year to date to \$0.3 million), due to a decrease in cost of sales and general and administrative expenses, partially offset by a decrease in revenue for the quarter (an increase in revenue for the year to date (primarily driven by interim assignments lasting longer) and less general and administrative expenses, partially offset by higher cost of sales);
- Ravix operating income decreased \$0.2 million to \$0.5 million for the three months ended September 30, 2025 (a decrease of \$0.7 million year to date to \$1.9 million), due to decreased revenue (primarily due to loss of retained customers as they were acquired, as well as financially distressed customers spending less on Ravix services), partially offset by a decrease in costs of services sold and general and administrative expenses (year to date only);
- SPI operating loss increased \$0.2 million to less than \$0.1 million for the three months ended September 30, 2025 (an increase in operating income of less than \$0.1 million year to date to operating income of \$0.3 million), primarily due to an decrease in revenue from new customer go-lives compared to prior periods, partially offset by lower cost of sales and general and administrative expenses for the quarter and year to date;
- SNS operating loss increased \$0.5 million to \$0.4 million for the three months ended September 30, 2025 (an increase of \$0.6 million year to date to \$0.1 million), primarily a decrease in revenue for the quarter and bad debt expense of \$0.3 million (higher cost of sales and general and administrative expenses, partially offset by an increase in revenue for the year to date (travel shifts are up 8% year to date, while per diem shifts are up 9% year to date));
- Bud's Plumbing had revenue and operating loss of \$1.7 million and less than \$0.1 million, respectively, for the three months ended September 30, 2025 (revenue and operating income of \$3.7 million and \$0.2 million, respectively, for the period from the date of acquisition through September 30, 2025);
- Roundhouse had revenue and operating income of \$4.9 million and \$1.2 million, respectively, for the three months ended September 30, 2025, following its acquisition on July 1, 2025;
- Advanced Plumbing had revenue and operating income of \$1.2 million and less than \$0.1 million, respectively, for the period from the August 1, 2025 date of acquisition through September 30, 2025; and
- Southside Plumbing had revenue and operating loss of \$0.5 million and \$0.1 million, respectively, for the period from the August 14, 2025 date of acquisition through September 30, 2025.

**Extended Warranty**

The Extended Warranty service fee and commission revenue was \$18.2 million for the three months ended September 30, 2025 compared with \$17.8 million for the three months ended September 30, 2024 (\$52.5 million year to date compared to \$51.6 million prior year to date). However, cash sales were up 14.6% over the prior year (9.2% year to date).

The Extended Warranty operating income was \$0.4 million for the three months ended September 30, 2025 compared with \$1.7 million for the three months ended September 30, 2024 (\$0.9 million year to date compared to \$4.0 million prior year to date).

Operating income was primarily impacted by the following:

- A \$1.0 million increase in loss at a combined Geminus and PWI to an operating loss of \$0.7 million for the three months ended September 30, 2025 (an increase in loss of \$2.4 million year to date to an operating loss of \$1.4 million), due to:
  - For the quarter, revenue was up slightly and offset by higher claims, commissions and general and administrative expenses;
  - For the year to date, a decrease in revenue (cash sales up 8.0% year to date), higher commission expense and higher general and administrative expenses; partially offset by lower claims expense;
  - Note that year to date general and administrative expenses included \$0.3 million of costs associated with severance and redundant salaries, as a new President & CEO was hired March 31, 2025 to run both Geminus and PWI
- A \$0.2 million decrease at IWS to operating income of \$0.7 million for the three months ended September 30, 2025 (a decrease of \$0.5 million year to date to operating income of \$1.6 million), due to higher claims and general and administrative expenses, which essentially offset the benefits from increased revenue (cash sales up 12.3% year to date) for the quarter and year to date; and
- A \$0.1 million decrease at Trinity to operating income of \$0.4 million for the three months ended September 30, 2025 (a decrease of \$0.3 million year to date to operating income of \$0.7 million), due to higher cost of sales, commission and general and administrative expenses, which essentially offset the benefits from increased revenue for the quarter and year to date.

**Net Investment Income**

Net investment income was \$0.4 million in the third quarter of 2025 compared to \$0.4 million in the third quarter of 2024 (\$1.2 million year to date compared to \$1.0 million prior year to date). The increase in investment income for the nine months ended September 30, 2025 primarily relates to an increase in investment income from fixed maturities and less loss related to limited liability investments, which are accounted for using the equity method.

**Net Realized (Losses) Gains**

Net realized losses were less than \$0.1 million in the third quarter of 2025 compared to net realized gains of \$1.0 million in the third quarter of 2024 (net realized gains of \$0.1 million year to date compared to \$1.4 million prior year to date). The net realized gains for the three and nine months ended September 30, 2024 primarily relate to realized gains recognized by Argo Holdings Fund I, LLC ("Argo Holdings") and a net realized gain related to the sale of one of the private company investments.

**Interest Expense**

Interest expense for the third quarter of 2025 was \$1.5 million compared to \$1.2 million in the third quarter of 2024 (\$4.0 million year to date compared to \$3.5 million prior year to date). Interest expense was impacted by the following for the three and nine months ended September 30, 2025:

- An increase of \$0.2 million for the three and nine months ended September 30, 2025 related to the Roundhouse Loan, which was effective July 1, 2025 and has an annual interest rate equal to the greater of the one-month term Secured Overnight Financing Rate ("SOFR") plus 3.3%, or 5.0% (current rate of 7.63%);
- An increase of \$0.1 million for the three months ended September 30, 2025 related to the Image Solutions Loan (increase of \$0.4 million year to date), which was effective September 26, 2024 and has an annual interest rate equal to the greater of the Prime Rate plus 0.5%, or 7.25% (current rate of 7.75%);
- An increase of \$0.1 million for the three and nine months ended September 30, 2025 related to the KPH Loan, which was effective August 14, 2025 and has an annual fixed interest rate of 7.5%;

- A decrease of less than \$0.1 million for the three months ended September 30, 2025 related to the 2020 KWH Loan (increase of \$0.1 million year to date). During 2024, KWH entered into an amendment to the 2020 KWH Loan whereby KWH borrowed \$15.0 million and used the proceeds to repay the existing loan balances. During the third and fourth quarters of 2024, KWH borrowed \$6.0 million under the KWH DDTL and \$1.0 million under the KWH Revolver. These events resulted in higher interest expense related to the KWH Loan for the nine months ended September 30, 2025 compared to the same period in 2024;
- A decrease of less than \$0.1 million for the three months ended September 30, 2025 (decrease of \$0.1 million year to date) related to the 2021, 2022 and 2025 Ravix Loans. During the first quarter of 2025, Ravix entered into an amendment to the 2021 Ravix Loan whereby Ravix borrowed \$9.1 million and used the proceeds to repay the existing loan balances. This resulted in lower overall interest expense related to the Ravix Loans for the three and nine months ended September 30, 2025 compared to the same periods in 2024. The amended loan has an annual interest rate equal to the Prime Rate plus 0.5% (current rate of 7.75%);
- A decrease of less than \$0.1 million for the three months ended September 30, 2025 (decrease of \$0.1 million year to date) on the Company's subordinated debt. The Company's subordinated debt bears interest at the rate of CME Term SOFR, plus a spread of 4.20%;
- A decrease of less than \$0.1 million for the three months ended September 30, 2025 (decrease of \$0.1 million year to date) related to the SNS Loan, which has an annual interest rate equal to the greater of the Prime Rate plus 0.5%, or 5.00% (current rate of 7.75%); and
- A decrease of less than \$0.1 million for the three months ended September 30, 2025 (decrease of \$0.1 million year to date) related to the DDI Loan, which has an annual interest rate equal to the greater of the Prime Rate plus 0.5%, or 5.00% (current rate of 7.75%).

See Note 10, "Debt," to the unaudited consolidated interim financial statements for further details.

#### **General and Administrative Expenses and Other Revenue and Expenses not Allocated to Segments, Net**

General and administrative expenses and other revenue not allocated to segments was a net expense of \$3.3 million in the third quarter of 2025 compared to \$3.3 million in the third quarter of 2024 (\$9.0 million year to date compared to \$7.1 million prior year to date). Included are primarily expenses associated with our corporate holding company, expenses associated with our Operator-in-Residence who search for our next acquisition, as well as revenue and expenses associated with our various other investments that are accounted for on a consolidated basis.

The increase in net expense for the nine months ended September 30, 2025 is primarily attributable to reimbursement payments made to Aegis in connection with the Settlement Agreement and higher acquisition, search and compensation related expenses, partially offset by zero expense related to the Ravix contingent consideration liability during the nine months ended September 30, 2025 compared to the same period in 2024.

See Note 23, "Commitments and Contingencies," to the unaudited consolidated interim financial statements for further details related to the Aegis Settlement Agreement.

#### **Amortization of Intangible Assets**

Amortization of intangible assets was \$2.4 million in the third quarter of 2025 compared to \$1.4 million in the third quarter of 2024 (\$5.8 million year to date compared to \$4.3 million prior year to date). The increase is primarily due to the inclusion of Image Solutions (acquired September 26, 2024) and Roundhouse, Advanced Plumbing and Southside Plumbing (acquired in the third quarter of 2025) for the three and nine months ended September 30, 2025, partially offset by decreased amortization expense for the Company's other intangible assets.

#### **Impairment of Intangible Assets**

Impairment of intangible assets was \$0.2 million in the third quarter of 2025 compared to \$0.6 million in the third quarter of 2024 (\$0.5 million year to date compared to \$1.8 million prior year to date). The Company's indefinite-lived intangible assets consist of trade names, which are assessed for impairment annually as of November 30, or more frequently if events or circumstances indicate that the carrying value may not be recoverable. At each quarter end of the first through third quarters of 2025 and 2024, the Company determined that certain of its trade name intangible assets should be further examined under a quantitative approach due to actual revenue coming in lower than previous projections. Based upon this assessment, the Company recorded an impairment charge of \$0.2 million during the third quarter of 2025 (\$0.5 million year to date) related to the CSuite and Ravix indefinite-lived trade names; and an impairment charge of \$0.6 million during the third quarter of 2024 related to the CSuite and Ravix indefinite-lived trade names (\$1.8 million prior year to date, related to the SNS, CSuite and Ravix indefinite-lived trade names). The reductions in value are primarily due to higher discount rates and a reduction in projected revenue. See Note 8, "Intangible Assets," to the unaudited consolidated interim financial statements, for further discussion.

**Loss on Extinguishment of Debt**

During the third quarter of 2025, the KPH Note was repaid in full to the seller of Bud's Plumbing in exchange for shares of Kingsway common stock. See Note 18 "Shareholders' Equity for further discussion of the exchange. The settlement of the KPH Note by issuing the Company's common shares is accounted for as a debt extinguishment. The difference between the reacquisition price of the debt and the net carrying amount of \$0.1 million is recorded as loss on extinguishment of debt on the unaudited consolidated statement of operations for the three and nine months ended September 30, 2025. During the first quarter of 2025, there was a modification to the 2021 Ravix Loan. Loss on extinguishment of debt for the nine months ended September 30, 2025 includes \$0.1 million relates to the write-down of the unamortized debt discount and issuance costs from the 2022 Ravix Loan at the modification date, since the original debt was fully repaid as part of the modification.

During the second quarter of 2024, there was a modification to the 2020 KWH Loan. For the nine months ended September 30, 2024, loss on extinguishment of debt of \$0.2 million relates to the write-down of the unamortized debt discount and issuance costs from the 2020 KWH Loan at the modification date, since the original debt was fully repaid as part of the modification.

See Note 10 "Debt," to the unaudited consolidated interim financial statements, for further discussion.

**Income Tax (Benefit) Expense**

Income tax benefit for the third quarter of 2025 was \$2.1 million compared to an expense of less than \$0.1 million in the third quarter of 2024 (benefit of \$2.4 million year to date compared to an expense of \$0.2 million prior year to date). For the three and nine months ended September 30, 2025, the Company reported a tax benefit primarily due to the partial release of its valuation allowance related to deferred tax liabilities from corporate acquisitions. For the three and nine months ended September 30, 2024, the Company reported income tax expense primarily due to state tax expense. See Note 13, "Income Taxes," to the unaudited consolidated interim financial statements, for additional detail of the income tax (benefit) expense recorded for the three and nine months ended September 30, 2025 and September 30, 2024.

**INVESTMENTS**

**Portfolio Composition**

See Note 2(d), "Summary of Significant Accounting Policies - Investments," to the consolidated financial statements in the 2024 Annual Report for an overview of how we account for our various investments.

At September 30, 2025, we held cash and cash equivalents, restricted cash and investments with a carrying value of \$58.8 million. Our operations typically invest in U.S. dollar-denominated instruments to mitigate their exposure to currency rate fluctuations.

Table 2 below summarizes the carrying value of investments, including cash and cash equivalents and restricted cash, at the dates indicated.

**TABLE 2 Carrying value of investments, including cash and cash equivalents and restricted cash**  
(in thousands of dollars, except for percentages)

| Type of investment                                   | September 30,<br>2025 | % of Total    | December 31, 2024 | % of Total    |
|--|-----------------------|---------------|-------------------|---------------|
| <b>Fixed maturities:</b>                             |                       |               |                   |               |
| U.S. government, government agencies and authorities | 14,380                | 24.5%         | 13,354            | 24.5%         |
| States, municipalities and political subdivisions    | 1,764                 | 3.0%          | 2,775             | 5.1%          |
| Mortgage-backed                                      | 9,897                 | 16.8%         | 9,886             | 18.1%         |
| Asset-backed   | 1,224                 | 2.1%          | 1,326             | 2.4%          |
| Corporate  | 10,135                | 17.2%         | 9,622             | 17.7%         |
| <b>Total fixed maturities</b>                        | <b>37,400</b>         | <b>63.6%</b>  | <b>36,963</b>     | <b>67.9%</b>  |
| Limited liability investments                        | 649                   | 1.1%          | 650               | 1.2%          |
| Limited liability investment, at fair value          | 3,148                 | 5.4%          | 2,859             | 5.2%          |
| Investments in private companies                     | 575                   | 1.0%          | 696               | 1.3%          |
| Short-term investments                               | 174                   | 0.3%          | 169               | 0.3%          |
| <b>Total investments</b>                             | <b>41,946</b>         | <b>71.4%</b>  | <b>41,337</b>     | <b>75.9%</b>  |
| Cash and cash equivalents                            | 9,291                 | 15.8%         | 5,493             | 10.1%         |
| Restricted cash                                      | 7,538                 | 12.8%         | 7,643             | 14.0%         |
| <b>Total</b>   | <b>58,775</b>         | <b>100.0%</b> | <b>54,473</b>     | <b>100.0%</b> |

**Investment Impairment**

The Company performs a quarterly analysis of its investments to determine if declines in fair value may result in the recognition of impairment losses in net loss. Factors considered in the determination of whether or not an impairment loss is recognized in net loss include a current intention or need to sell the security or an indication that a credit loss exists. See the "Significant Accounting Policies and Critical Estimates" section of Management's Discussion and Analysis of Financial Condition included in the 2024 Annual Report for further information regarding the Company's detailed analysis and factors considered in establishing an impairment loss on an investment.

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The Company's fixed maturities are subject to declines in fair value below amortized cost that may result in the recognition of impairment losses in net loss. If the decline in fair value is due to credit factors and the Company does not expect to receive cash flows sufficient to support the entire amortized cost basis, the credit loss is reported in the consolidated statements of operations in the period that the declines are evaluated. Significant judgment is required in the determination of whether a credit loss has occurred for a security. The Company considers all available evidence when determining whether a security requires a credit allowance to be recorded, including the financial condition and expected near-term and long term prospects of the issuer, whether the issuer is current with interest and principal payments, credit ratings on the security or changes in ratings over time, general market conditions, industry, sector or other specific factors and whether the Company expects to receive cash flows sufficient to recover the entire amortized cost basis of the security. The Company performs a quarterly analysis of its available for-sale fixed maturity investments and other investments to determine if an impairment loss has occurred.

There were no impairment losses recorded related to investments during the three and nine months ended September 30, 2025 and September 30, 2024.

At September 30, 2025 and December 31, 2024, the gross unrealized losses for fixed maturities amounted to \$0.6 million and \$1.2 million, respectively, and there were no unrealized losses attributable to non-investment grade fixed maturities.

**DEBT**

The principal and carrying value of the Company's debt instruments at September 30, 2025 and December 31, 2024 are as follows:

| (in thousands)        | September 30, 2025 |                  | December 31, 2024 |                  |
|-----------------------|--------------------|------------------|-------------------|------------------|
|                       | Principal          | Carrying Value   | Principal         | Carrying Value   |
| <b>Bank loans:</b>    |                    |                  |                   |                  |
| 2021 Ravix Loan       | \$ —               | \$ —             | \$ 2,288          | \$ 2,288         |
| 2022 Ravix Loan       | —                  | —                | 4,300             | 4,182            |
| 2022 Ravix Revolver   | 500                | 500              | 500               | 500              |
| 2025 Ravix Loan       | 8,593              | 8,561            | —                 | —                |
| SNS Term Loan         | 2,867              | 2,816            | 3,842             | 3,779            |
| SNS Revolver          | 1,000              | 1,000            | 450               | 450              |
| DDI Term Loan         | 4,667              | 4,621            | 5,507             | 5,452            |
| DDI Revolver          | 23                 | 23               | —                 | —                |
| Image Solutions Loan  | 6,975              | 6,838            | 7,556             | 7,399            |
| Roundhouse Term Loan  | 10,817             | 10,640           | —                 | —                |
| KPH Term Loan         | 3,750              | 3,584            | —                 | —                |
| 2024 KWH Term Loan    | 11,397             | 11,326           | 13,313            | 13,228           |
| 2024 KWH DDTL         | 4,894              | 4,894            | 5,850             | 5,850            |
| KWH Revolver          | 1,000              | 1,000            | 1,000             | 1,000            |
| Total bank loans      | 56,483             | 55,803           | 44,606            | 44,128           |
| <b>Notes payable:</b> |                    |                  |                   |                  |
| Ravix Note            | 188                | 188              | —                 | —                |
| AAA Note              | 500                | 422              | —                 | —                |
| Southside Note        | 500                | 422              | —                 | —                |
| Total notes payable   | 1,188              | 1,032            | —                 | —                |
| Subordinated debt     | 15,000             | 13,889           | 15,000            | 13,409           |
| <b>Total</b>          | <b>\$ 72,671</b>   | <b>\$ 70,724</b> | <b>\$ 59,606</b>  | <b>\$ 57,537</b> |

See Note 10, "Debt," to the unaudited consolidated interim financial statements for a detailed discussion of the Company's debt instruments. Changes related to the Company's debt during the nine months ended September 30, 2025 are further described below.

*Bank Loans*

On February 7, 2025, Ravix, Ravix LLC and CSuite entered into a fourth amendment to the 2021 Ravix Loan that provides for: (1) a new 2025 term loan in the principal amount of \$9.1 million, with a maturity date of February 7, 2031 (the "2025 Ravix Loan"); and (2) extending the maturity date of the 2022 Ravix Revolver to February 7, 2027. In connection with the fourth amendment, Ravix used a portion of the proceeds from the 2025 Ravix Loan to repay the following outstanding principal balances under the 2021 and 2022 Ravix Loans: (1) \$2.2 million related to the 2021 Ravix term loan; and (2) \$4.2 million related to the 2022 Ravix term loan. The Company also recorded as a discount to the carrying value of the 2025 Ravix Loan issuance costs of less than \$0.1 million specifically related to the 2025 Ravix Loan.

The 2025 Ravix Loan was not deemed to be substantially different as a result of the fourth amendment; therefore, the amended 2021 Ravix Loan is accounted for as a modification of the second amended 2021 Ravix Loan. The unamortized debt discount and issuance costs from the 2022 Ravix Loan at the modification date of \$0.1 million were recorded as loss on extinguishment of debt during the nine months ended September 30, 2025 since the original debt related the 2021 Ravix Loan and 2022 Ravix Loan were fully repaid as part of the modification.

During the nine months ended September 30, 2025, the Company borrowed \$0.6 million under the SNS Revolver.

The SNS Loan contains a number of covenants, including, but not limited to, a leverage ratio and a fixed charge ratio and limits on annual capital expenditures, all of which are as defined in and calculated pursuant to the SNS Loan that, among other things, restrict SNS's ability to incur additional indebtedness, create liens, make dividends and distributions, engage in mergers, acquisitions and consolidations, make certain payments and investments and dispose of certain assets. At each quarter end beginning March 31, 2024 through September 30, 2025, the Company was in default under the SNS Loan due to debt covenant violations related to the leverage and fixed charge ratios. The Company has entered into an amendment to the SNS Loan that waives the events of default for the fiscal quarter ended September 30, 2025. As of the report date, there is some uncertainty as to whether the Company will be in compliance with the covenants in future periods, and if not, when the Company will be able to cure any potential violations. A default may permit the lender to declare the amounts owed under the SNS Loan immediately due and payable, exercise their rights with respect to collateral securing the obligation, and/or exercise any other rights and remedies available.

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During the nine months ended September 30, 2025, the Company borrowed \$0.1 million and made principal repayments of less than \$0.1 million under the DDI Revolver.

The DDI Loan contains a number of covenants, including, but not limited to, a senior leverage ratio and a fixed charge ratio and limits on annual capital expenditures, all of which are as defined in and calculated pursuant to the DDI Loan that, among other things, restrict DDI's ability to incur additional indebtedness, create liens, make dividends and distributions, engage in mergers, acquisitions and consolidations, make certain payments and investments and dispose of certain assets. As of September 30, 2025, DDI was in default under the DDI Loan due to a debt covenant violation related to the fixed charge ratio. The Company has entered into an amendment to the DDI Loan that waives the event of default for the fiscal quarter ended September 30, 2025. As of the report date, there is some uncertainty as to whether the Company will be in compliance with the covenants in future periods, and if not, when the Company will be able to cure any potential violations. A default may permit the lender to declare the amounts owed under the DDI Loan immediately due and payable, exercise their rights with respect to collateral securing the obligation, and/or exercise any other rights and remedies available.

On June 15, 2025, the Company's subsidiaries, SPI and Vertical Market Solutions LLC, together established a \$0.3 million revolver with a bank (the "SPI Revolver"). The SPI Revolver has an annual interest rate equal to the Prime Rate. The SPI Revolver matures on July 15, 2026. At September 30, 2025, the balance of the SPI Revolver was zero.

As part of the acquisition of Roundhouse on July 1, 2025, Roundhouse became a wholly owned subsidiary of Longhorns Acquisition LLC ("Longhorns LLC"), and together they borrowed from a bank a principal amount of \$11.0 million in the form of a term loan, and established a \$0.5 million revolver to finance the acquisition of Roundhouse. The Roundhouse term loan requires monthly payments of principal and interest and has an annual interest rate equal to the greater of the one-month term Secured Overnight Financing Rate plus 3.3%, or 5.0%. The term loan and revolver mature on July 1, 2035. At September 30, 2025, the balance of the revolver was zero.

In 2025, the Company formed Kingsway Plumbing Holdco LLC ("KPH"), whose subsidiaries include Bud's Plumbing, Advanced Plumbing and Southside Plumbing. As part of the acquisition of Southside Plumbing on August 14, 2025, KPH and its subsidiaries borrowed from a bank a principal amount of \$3.75 million in the form of a term loan, and established a \$0.5 million revolver. The KPH term loan requires monthly payments of interest and has an annual fixed interest rate of 7.5%. Monthly principal payments on the KPH term loan begin September 14, 2026. The term loan matures on August 14, 2032. At September 30, 2025, the balance of the revolver was zero.

*Notes Payable*

As part of the acquisition of Bud's Plumbing on March 14, 2025, Bud's Plumbing became a wholly owned subsidiary of KPH, and together they borrowed from the seller of Bud's Plumbing a principal amount of \$1.25 million in the form of a promissory note, to partially finance the acquisition of Bud's Plumbing (the "KPH Note"). The KPH Note was recorded at its estimated fair value of \$1.1 million, which included the unpaid principal amount of \$1.25 million as of the date of acquisition less a discount of \$0.2 million. The KPH Note required monthly payments of principal and interest and had an annual fixed interest rate of 6.00%. The KPH Note was due to mature on April 1, 2030; however on August 7, 2025, the KPH Note was repaid in full to the seller of Bud's Plumbing in exchange for shares of Kingsway common stock. See Note 18, "Shareholders' Equity" for further discussion of the exchange. The settlement of the KPH Note by issuing the Company's common shares is accounted for as a debt extinguishment. The difference between the reacquisition price of the debt and the net carrying amount of the KPH Note at the date of the exchange of \$0.1 million is recorded as loss on extinguishment of debt in the unaudited consolidated statement of operations for the three and nine months ended September 30, 2025.

As part of the acquisition of certain assets from The HR Team, Inc. on August 1, 2025, Ravix borrowed from the seller a principal amount of \$0.2 million in the form of a promissory note, to partially finance the acquisition of assets (the "Ravix Note"). The Ravix Note requires quarterly payments of principal and interest beginning October 1, 2025 and has an annual fixed interest rate of 8.00%. The Ravix Note matures on August 1, 2027.

As part of the acquisition of Advanced Plumbing on August 1, 2025, Advanced Plumbing borrowed from the seller of Advanced Plumbing a principal amount of \$0.5 million in the form of a promissory note, to partially finance the acquisition of Advanced Plumbing (the "AAA Note"). The AAA Note, which is recorded as notes payable in the consolidated balance sheet at September 30, 2025, was recorded at its estimated fair value of \$0.4 million, which included the unpaid principal amount of \$0.5 million as of the date of acquisition less a discount of \$0.1 million. The AAA Note requires quarterly payments of principal and interest beginning November 1, 2025 and has an annual fixed interest rate of 6.00%. The AAA Note matures on August 1, 2030.

As part of the acquisition of Southside Plumbing on March 14, 2025, Southside Plumbing became a wholly owned subsidiary of KPH, and together they borrowed from the seller of Southside Plumbing a principal amount of \$0.5 million in the form of a promissory note, to partially finance the acquisition of Southside Plumbing (the "Southside Note"). The Southside Note, which is recorded as note payable in the consolidated balance sheet at September 30, 2025, was recorded at its estimated fair value of \$0.4 million, which included the unpaid principal amount of \$0.5 million as of the date of acquisition less a discount of \$0.1 million. The Southside Note requires quarterly payments of principal and interest beginning November 1, 2025 and has an annual fixed interest rate of 6.00%. The Southside Note matures on August 1, 2030.

*Subordinated Debt*

The Company's subordinated debt is measured and reported at fair value. At September 30, 2025, the carrying value of the subordinated debt is \$13.9 million. The fair value of the subordinated debt is calculated using a model based on significant market observable inputs and inputs developed by a third party. For a description of the market observable inputs and inputs developed by a third party used in determining fair value of debt, see Note 21, "Fair Value of Financial Instruments," to the unaudited consolidated interim financial statements.

Though changes in the market observable swap rates will continue to introduce some volatility each quarter to the Company's reported gain or loss on change in fair value of debt, changes in the credit spread assumption developed by the third party does not introduce volatility to the Company's consolidated statements of operations. The fair value of the Company's subordinated debt will eventually equal the principal value totaling \$15.0 million of the subordinated debt by the time of the stated redemption date of the remaining trust, which matures on May 22, 2033.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 4, "Recently Issued Accounting Standards," to the unaudited consolidated interim financial statements, for discussion of certain accounting standards that may be applicable to the Company's current and future consolidated financial statements.

#### LIQUIDITY AND CAPITAL RESOURCES

The purpose of liquidity management is to ensure there is sufficient cash to meet all financial commitments and obligations as they fall due. The liquidity requirements of the Company and its subsidiaries have been met primarily by funds generated from operations, capital raising, disposal of subsidiaries, investment maturities and investment income, and other returns received on investments and from the sale of investments.

A significant portion of the cash provided by our Extended Warranty companies is required to be placed into restricted trust accounts, as determined by the insurers who back-up our service contracts, in order to fund future expected claims. On a periodic basis (quarterly or annually), we may be required to contribute more into the restricted accounts or we may be permitted to draw additional funds from the restricted accounts, dependent upon actuarial analyses performed by the insurers regarding sufficiency of funds to cover future expected claims. A substantial portion of the restricted trust accounts are invested in fixed maturities and other instruments that have durations similar to the expected future claim projections.

Cash provided from these sources is used primarily for warranty expenses, business service expenses, debt servicing, acquisitions and operating expenses of the holding company.

The Company's Kingsway Search Xcelerator and Extended Warranty subsidiaries fund their obligations primarily through service fee and commission revenue.

#### Cash Flows from Continuing Operations

During the nine months ended September 30, 2025, the Company reported less than \$0.1 million of net cash provided by operating activities from continuing operations, primarily due to operating income from the Extended Warranty and Kingsway Search Xcelerator segments, partially offset by cash paid to settle the Ravix contingent liability of \$2.3 million that is reported as an operating activity. During the nine months ended September 30, 2024, the Company reported \$0.7 million of net cash provided by operating activities from continuing operations, primarily due to operating income from the Extended Warranty and Kingsway Search Xcelerator segments.

During the nine months ended September 30, 2025, the net cash used in investing activities from continuing operations was \$29.9 million. This use of cash is primarily attributed to the acquisitions of Bud's Plumbing, Roundhouse, Advanced Plumbing and Southside Plumbing, net of cash acquired. During the nine months ended September 30, 2024, the net cash used in investing activities from continuing operations was \$16.4 million. This use of cash is primarily attributed to the acquisition of Image Solutions, net of cash acquired and purchases of fixed maturities in excess of proceeds from sales and maturities of fixed maturities, distributions received by Argo Holdings from three of its underlying limited liability investment companies, proceeds from the sale of a private company investment and proceeds from the sale of VA Lafayette.

During the nine months ended September 30, 2025, the net cash provided by financing activities from continuing operations was \$33.6 million. This source of cash was primarily attributed to net proceeds from the issuance of common stock of \$15.6 million, principal proceeds from bank loans of \$24.1 million and proceeds from the issuance of Class C and Class D preferred stock of \$6.0 and \$2.0 million, respectively, partially offset by principal repayment on bank loans of \$12.6 million, cash paid to settle the Ravix contingent liability of \$0.4 million, payment of preferred stock dividends of \$0.7 million and cash paid for repurchases of common stock of \$0.3 million. During the nine months ended September 30, 2024, the net cash provided by financing activities from continuing operations was \$13.3 million. This source of cash was primarily attributed to principal proceeds from bank loans of \$33.7 million and proceeds from the issuance of Class B preferred stock of \$8.3 million, partially offset by principal repayment on bank loans of \$20.0 million, taxes paid related to net share settlements of restricted stock awards of \$2.2 million, cash paid for repurchases of common stock of \$2.5 million, cash paid to acquire the IWS noncontrolling interest of \$2.5 million and distributions to noncontrolling interest holders of \$1.4 million.

#### Holding Company Liquidity

The liquidity of the holding company is managed separately from its subsidiaries. The obligations of the holding company primarily consist of holding company operating expenses; transaction-related expenses; investments; stock repurchases; and any other extraordinary demands on the holding company.

Pursuant to satisfying the covenants under the 2020 KWH Loan, distributions to the holding company in an aggregate amount not to exceed \$1.5 million in any 12-month period are permitted. Also, beginning in 2022, the holding company is permitted to receive a portion of the excess cash flow (as defined in the 2020 KWH Loan document) generated by the KWH Subs in the previous year.

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The amount of excess cash flow the Company is entitled to retain is dependent upon the leverage ratio (as defined in the 2020 KWH Loan document):

| <b>If leverage ratio is</b>                    | <b>Percent of excess cash flow retained by the Company</b> |
|--|--|
| Greater than 1.75:1.00                         | 50%  |
| Less than 1.75:1.00 but greater than 0.75:1.00 | 75%  |
| Less than 0.75:1.0                             | 100%   |

The holding company's liquidity, defined as the amount of cash in the bank accounts of Kingsway Financial Services Inc. and Kingsway America Inc., was \$1.3 million and \$0.9 million at September 30, 2025 and December 31, 2024, respectively, which excludes future actions available to the holding company that could be taken to generate liquidity. Such future actions include, but are not limited to, issuance of equity securities and distributions from the Extended Warranty and Kingsway Search Xcelerator operating companies subject to certain loan covenants that may be in place at each operating company. The holding company cash amounts are reflected in the cash and cash equivalents of \$9.3 million and \$5.5 million reported at September 30, 2025 and December 31, 2024, respectively, on the Company's consolidated balance sheets.

Based on the Company's current business plan and revenue prospects, existing cash, cash equivalents, investment balances and anticipated cash flows from operations are expected to be sufficient to meet the Company's working capital and operating expenditure requirements, for the next twelve months. However, the Company's assessment could also be affected by various risks and uncertainties, including, but not limited to, the developing macro-economic environment.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We are a smaller reporting company as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); therefore, pursuant to Regulation S-K, we are not required to make disclosures under this Item.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

The Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act as of September 30, 2025.

The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports the Company files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow for timely decisions regarding required disclosures.

In designing and evaluating our disclosure controls and procedures, the Company's management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints that require the Company's management to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on the evaluation of our disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2025, the Company's disclosure controls and procedures were effective.

#### **Management's Report on Internal Control over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's management evaluated the effectiveness of its internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), or COSO. Based on that evaluation, the Company's management has concluded that, as of September 30, 2025, our internal control over financial reporting were effective based on the COSO framework.

#### **Changes in Internal Control over Financial Reporting**

On March 14, 2025, the Company acquired 100% of the outstanding membership interests of Bud's Plumbing. On July 1, 2025, the Company acquired 100% of the outstanding equity interests of Roundhouse. On August 1, 2025, the Company acquired 100% of the outstanding membership interests of Advanced Plumbing. On August 14, 2025, the Company acquired 80% of the outstanding membership interests of Southside Plumbing. Since the date of these acquisitions, the Company has been analyzing and evaluating procedures and controls to determine their effectiveness and to make them consistent with our disclosure controls and procedures. As permitted by the SEC, Bud's Plumbing, Roundhouse, Advanced Plumbing and Southside Plumbing have been excluded from the scope of our quarterly discussion of material changes in internal control over financial reporting below.

There have been no changes in the Company's internal control over financial reporting during the period beginning July 1, 2025, and ending September 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, except with respect to Bud's Plumbing, Roundhouse, Advanced Plumbing and Southside Plumbing.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

Information concerning pending legal proceedings is incorporated herein by reference to Note 23, "Commitments and Contingencies," to the unaudited consolidated interim financial statements in Part I of this Form 10-Q.

**Item 1A. Risk Factors**

There have been no material changes with respect to those risk factors previously disclosed in our 2024 Annual Report.

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

None.

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

During the quarter ended September 30, 2025, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

**Item 6. Exhibits**

- [10.1](#) Stock Purchase Agreement, dated July 1, 2025, by and among Longhorns Acquisition LLC, Armando Gonzales and Lee Hudson (included as Exhibit 10.1 to the form 8-K, filed July 7, 2025, and incorporated herein by reference).
- [10.2](#) Credit Agreement, dated July 1, 2025, by and between Roundhouse Electric & Equipment Co., Inc., Longhorns Acquisition LLC and Main Street Bank. (included as Exhibit 10.2 to the Form 8-K, filed July 7, 2025, and incorporated herein by reference).
- [31.1](#) Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- [31.2](#) Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- [32.1](#) Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- [32.2](#) Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS Inline XBRL Instance Document

101.SCH Inline XBRL Taxonomy Extension Schema

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase

101.LAB Inline XBRL Taxonomy Extension Label Linkbase

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

**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.

KINGSWAY FINANCIAL SERVICES INC.

Date: November 6, 2025 By: /s/ John T. Fitzgerald  
John T. Fitzgerald, President, Chief Executive Officer and Director  
(principal executive officer)

Date: November 6, 2025 By: /s/ Kent A. Hansen  
Kent A. Hansen, Chief Financial Officer and Executive Vice President  
(principal financial officer)