Risk Factors Comparison 2024-03-05 to 2023-03-08 Form: 10-K

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Most issuers, including Kingsway, are exposed to numerous risk factors that could cause actual results to differ materially from recent results or anticipated future results. The risks and uncertainties described below are those specific to the Company that we currently believe have the potential to be material, but they may not be the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. Investors are advised to consider these factors along with the other information included in this ~~2022~~ **2023** Annual Report and to consult any further disclosures Kingsway makes in its filings with the SEC. FINANCIAL RISK We have ~~substantial~~ outstanding recourse debt **and acquisition financing** , which could adversely affect our ability to obtain financing in the future, react to changes in our business and satisfy our obligations. As of December 31, ~~2022~~ **2023** , we had $ ~~90~~ **15** . ~~5~~ **0** million principal value of outstanding recourse subordinated debt in the form of trust preferred securities, with **a** redemption ~~dates~~ **date of May** ~~beginning in December 2032~~ **2033** ~~, and which has deferred interest accrued of $ 25. 5 million as of December 31, 2022. Pursuant to the indentures governing our outstanding trust preferred securities, we are permitted to defer interest payments for up to 20 quarters. During the third quarter of 2018, the Company gave notice to the trustees of its outstanding trust preferred securities of the Company' s intention to exercise its voluntary right to defer interest. On March 2, 2023, we gave notice to the holders of five series of our trust preferred securities of our intention to exercise repurchase options no later than March 15, 2023. We will also pay interest accrued during the deferral period on the remaining series of trust preferred securities not subject to repurchase. After the repurchase is completed we will have $ 15 million of principal outstanding related to the remaining series of trust preferred securities. The Company is currently prohibited from redeeming any shares of its capital stock while payment of interest on the trust preferred securities is being deferred. We also gave notice of our intention to redeem all the outstanding shares of Class A Preferred Stock on March 15, 2023, following the repurchase and payment of accrued interest on our trust preferred securities. KINGSWAY FINANCIAL SERVICES INC~~ . Additionally, we incurred indebtedness in connection with our acquisitions of PWI Holdings, Inc. and its various subsidiaries (collectively," PWI") on December 1, 2020, Ravix Financial, Inc. (" Ravix") on October 1, 2021, CSuite Financial Partners, LLC (" CSuite") on November 1, 2022 ~~and~~ **,** Secure Nursing Service Inc. (" SNS") on November 18, 2022 **and Digital Diagnostics Inc. (" DDI") on October 26, 2023** . As of as of December 31, ~~2022~~ **2023** , we have $ ~~34~~ **31** . ~~8~~ **3** million principal value of such acquisition financing outstanding **; however, such acquisition financing is non- recourse to other Kingsway entities** . Because of our ~~substantial~~ outstanding recourse debt **and acquisition financing** : • our ability to engage in acquisitions without raising additional equity or obtaining additional debt financing could be limited; • our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or general corporate purposes and our ability to satisfy our obligations with respect to our debt may be impaired in the future; • a ~~large~~ portion of our cash flow must be dedicated to the payment of interest on our debt, thereby reducing the funds available to us for other purposes; • we are exposed to the risk of increased interest rates because our outstanding subordinated debt and our outstanding acquisition financing bear interest directly related to the ~~London interbank offered interest rate (" LIBOR"), the~~ Secured Overnight Financing Rate (" SOFR ") and the Prime Rate; • it may be more difficult for us to satisfy our obligations to our creditors, resulting in possible defaults on, and acceleration of, such debt; • we may be more vulnerable to general adverse economic and industry conditions and may have reduced flexibility to deploy capital or otherwise respond to changes; • we may be at a competitive disadvantage compared to our competitors with proportionately less debt or with comparable debt on more favorable terms and, as a result, they may be better positioned to withstand economic downturns; • our ability to refinance debt may be limited or the associated costs to do so may increase; • our ability to transfer funds among our various subsidiaries and / or distribute such funds to the holding company are limited; • our flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited; ~~• we were unable to redeem outstanding shares of our redeemable preferred stock on the required date, which could lead to increased financing costs and / or costs associated with any disputes that might arise involving the holders of such preferred stock;~~ and • we may be prevented from carrying out capital spending that is, among other things, necessary or important to our growth strategy and efforts to improve the operating results of our businesses. Increases in interest rates would increase the cost of servicing our outstanding recourse debt and could adversely affect our results of operation. Our outstanding recourse subordinate debt as of December 31, ~~2022~~ **2023** of $ ~~90~~ **15** . ~~5~~ **0** million principal value bears interest directly related to **CME Term** ~~LIBOR (and will in the future bear interest related to~~ SOFR ~~)~~ and our outstanding acquisition financing of $ ~~34~~ **31** . ~~8~~ **3** million related to the acquisitions of PWI, Ravix, CSuite ~~and~~ **,** SNS **and DDI** bears interest directly related to either SOFR or the Prime Rate. As a result, increases in ~~LIBOR~~ **CME Term SOFR** , SOFR and the Prime Rate would increase the cost of servicing our debt and could adversely affect our results of operations. Each one hundred basis point increase in ~~LIBOR~~ **CME Term SOFR** , SOFR or the Prime Rate would result in an approximately $ ~~1~~ **0** . 4 million increase in our annual interest expense ~~. The expected discontinuation of LIBOR could adversely affect the cost of servicing our outstanding debt. Our outstanding recourse subordinate debt, which has redemption dates ranging from December 4, 2032 through January 8, 2034, bear interest directly related to LIBOR and extend beyond June 2023, by which time the United Kingdom' s Financial Conduct Authority, which regulates LIBOR, has announced it intends to phase out U. S dollar LIBOR. The transition from LIBOR to other benchmarks has been the subject of private sector and governmental activity. It is unclear if alternative rates or benchmarks, such as SOFR, will be widely adopted, and this uncertainty may impact the liquidity of the~~

~~SOFR loan markets. In addition, the transition from LIBOR could have a significant impact on the overall interest rate environment and on our borrowing costs. The indentures governing the Company' s outstanding recourse debt and the loan and security agreement governing our outstanding acquisition financing provide alternative means of determining the Company' s interest expense on its outstanding debt, but at this time, the Company cannot yet reasonably estimate the expected impact of the discontinuation of LIBOR~~ . Our operations are restricted by the terms of our debt indentures, which could limit our ability to plan for or react to market conditions or meet our capital needs. Our debt indentures contain numerous covenants that limit our ability, among other things, to make particular types of restricted payments and pay dividends or redeem capital stock. The covenants under our debt agreements could limit our ability to plan for or react to market conditions or to meet our capital needs. No assurances can be given that we will be able to maintain compliance with these covenants. **KINGSWAY FINANCIAL SERVICES INC.** If we are not able to comply with the covenants and other requirements contained in the debt indentures, an event of default under the relevant debt instrument could occur, which could result in the acceleration of all obligations under such debt instruments. The Board of Directors closely monitors the debt and capital position and, from time to time, recommends capital initiatives based upon the circumstances of the Company. We may not be able to realize our investment objectives, which could significantly reduce our earnings and liquidity. We depend on our investments for a substantial portion of our liquidity. As of December 31, ~~2022~~ **2023** , our investments included $ ~~37~~ **36** . ~~6~~ **5** million of fixed maturities, at fair value. General economic conditions can adversely affect the markets for interest rate- sensitive instruments, including the extent and timing of investor participation in such markets, the level and volatility of interest rates and, consequently, the fair value of fixed maturities. In addition, changing economic conditions can result in increased defaults by the issuers of investments that we own. Interest rates are highly sensitive to many factors, including monetary policies, domestic and international economic and political conditions and other factors beyond our control. Given the low interest rate environment that exists for fixed maturities, a significant increase in investment yields or an impairment of investments that we own could have a material adverse effect on our business, results of operations or financial condition by reducing the fair value of the investments we own, particularly if we were forced to liquidate investments at a loss. ~~KINGSWAY FINANCIAL SERVICES INC.~~ As of December 31, ~~2022~~ **2023** , our investments also included $ 0. ~~2~~ **1** million of equity investments, $ ~~1.~~ 0 **. 8** million of limited liability investments, $ ~~17~~ **3** . ~~1~~ **5** million of limited liability investments, at fair value ~~,~~ **and** $ 0. ~~8~~ **9** million of investments in private companies, at adjusted cost ~~and other investments, at cost of $ 0. 4 million~~ . These investments are less liquid than fixed maturities. General economic conditions, stock market conditions and many other factors can adversely affect the fair value of the investments we own. If circumstances necessitated us disposing of our limited liability investments prematurely in order to generate liquidity for operating purposes, we would be exposed to realizing less than their carrying value. Our ability to achieve our investment objectives is affected by general economic conditions that are beyond our control and our own liquidity needs for operating purposes. We may not be able to realize our investment objectives, which could adversely affect our results of operations, financial condition and available cash resources. Our business, financial condition and results of operations could be materially and adversely affected by changes in international and national economic and industry conditions. The COVID- 19 pandemic has created significant disruption and uncertainty in the global economy and has negatively impacted our business and results of operations and financial condition. We continue to take steps to assess the effects, and mitigate the adverse consequences to our businesses, of the COVID- 19 pandemic; however, though the magnitude of the impact continues to develop and change as new variants of COVID- 19 emerge, our businesses have been and will continue to be adversely impacted by the outbreak of COVID- 19. In addition to adverse United States domestic and global macroeconomic effects, including the adverse impacts on various industries' supply chains and automobile sales, which has decreased, and may continue to decrease, consumer demand for our products and services, reduce our ability to access capital, and otherwise adversely impact the operation of our businesses, the COVID- 19 pandemic has caused, and will continue to cause, substantial disruption to our employees, distribution channels, investors, tenants, and customers through self- isolation, travel limitations, business restrictions, and other means, all of which has resulted in declines in sales. These effects, individually or in the aggregate, will continue to adversely impact our businesses, financial condition, operating results and cash flows **,** and such adverse impacts may be material. Additionally, actual or potential changes in international, national, regional and local economic, business and financial conditions, including recession, high inflation and trade protection measures and creditworthiness of our customers, may negatively affect consumer preferences, perceptions, spending patterns or demographic trends, any of which could adversely affect our business, financial condition, results of operations and / or liquidity. We are subject to macro- economic fluctuations in the U. S. and worldwide economy. Concerns about consumer and investor confidence, volatile corporate profits and reduced capital spending, international conflicts, terrorist and military activity, civil unrest and pandemic illness could reduce customer orders or cause customer order cancellations. In addition, political and social turmoil may put further pressure on economic conditions in the United States and abroad. The global economy has been periodically impacted by the effects of global economic downturns (such as **those** recently related to COVID- 19). There can be no assurance that there will not be further such events or deterioration in the global economy. These economic conditions make it more difficult for us to accurately forecast and plan our future business activities. Russia' s invasion and military attacks on Ukraine have triggered significant sanctions from U. S. and European leaders. These events may escalate and have created increasingly volatile global economic conditions. Resulting changes in U. S. trade policy could trigger retaliatory actions by Russia, its allies and other affected countries, including China, resulting in a " trade war. " Furthermore, if the conflict between Russia and Ukraine continues for a long period of time, or if other countries, including the U. S., become further involved in the conflict, we could face material adverse effects on our business, financial condition, results of operations and / or liquidity. A difficult economy generally could materially adversely affect the credit, investment and financial markets which, in turn, could materially adversely affect our business, results of operations or financial condition. An adverse change in market conditions, including changes caused by the COVID- 19 pandemic, leading to instability in the global credit markets presents additional risks and uncertainties for our business. Depending on market conditions going forward, we could incur substantial realized and unrealized losses in future periods, which could have an adverse effect on our results of operations or financial condition. Certain trust accounts for the benefit of related companies and third ~~-~~ parties have been established with collateral on deposit under the terms and conditions of the relevant trust agreements. The value of collateral could fall below the levels required under these agreements putting the subsidiary or subsidiaries in breach of the agreements which could expose us to damages or otherwise adversely impact our business, financial condition, operating results or cash flows. **KINGSWAY FINANCIAL SERVICES INC.** Market volatility may also make it more difficult to value certain of our investments if trading becomes less frequent and the liquidity of such investment declines. Disruptions, uncertainty and volatility in the global credit markets may also adversely affect our ability to obtain financing for future acquisitions. If financing is available, it may only be available at an unattractive cost of capital, which would decrease our profitability or result in our inability to consummate such acquisitions. There can be no assurance that market conditions will not deteriorate in the future. Financial disruption or a prolonged economic downturn could materially and adversely affect our business. Worldwide financial markets have recently experienced periods of extraordinary disruption and volatility, which has been exacerbated by the COVID- 19 pandemic, resulting in heightened credit risk, reduced valuation of investments and decreased economic activity. Moreover, many companies have experienced reduced liquidity and uncertainty as to their ability to raise capital during such periods of market disruption and volatility. In the event that these conditions recur or result in a prolonged economic downturn, our results of operations, financial position and / or liquidity could be materially and adversely affected. These market conditions may affect the Company' s ability to access debt and equity capital markets. ~~KINGSWAY FINANCIAL SERVICES INC~~ **Our cash, cash equivalents and investments could be adversely affected if the financial institutions in which we hold our cash, cash equivalents and investments fail. We maintain cash balances at third- party financial institutions in excess of the Federal Deposit Insurance Corporation (the " FDIC ") insurance limit. The FDIC took control and was appointed receiver of Silicon Valley Bank (" SVB ") and New York Signature Bank (" SB ") on March 10, 2023 and March 12, 2023, respectively. We do not have any direct exposure to Silicon Valley Bank or New York Signature Bank. However, if other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments could be threatened and may have a material adverse impact on our business, prospects, financial condition and results of operations. Moreover, events such as the closure of SVB and SB, in addition to other global macroeconomic conditions, may cause further turbulence and uncertainty in the capital markets** . We are party to a Settlement Agreement that may require us to make cash payments from time to time, which payments could materially adversely affect our business, results of operations or financial condition. 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 we breached a contractual obligation to indemnify Aegis for certain customs bond losses incurred by Aegis under the indemnity and hold harmless agreements provided by us 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, we entered into a Settlement Agreement with Aegis with respect to such litigation pursuant to which we 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 to ~~2022~~ **2023** , the Company made reimbursement payments to Aegis totaling $ 1. ~~0~~ **5** million in connection with the Settlement Agreement. The timing and severity of our future payments pursuant to this Settlement Agreement are not reasonably determinable. No assurances can be given, however, that we will not be required to perform under this Settlement Agreement in a manner that has a material adverse effect on our business, results of operations or financial condition. We have generated net operating loss carryforwards for U. S. income tax purposes, but our ability to use these net operating losses could be limited by our inability to generate future taxable income. Our U. S. businesses have generated consolidated net operating loss carryforwards (" U. S. NOLs") for U. S. federal income tax purposes of approximately $ ~~644~~ **623** . ~~2~~ **1** million as of December 31, ~~2022~~ **2023** . These U. S. NOLs can be available to reduce income taxes that might otherwise be incurred on future U. S. taxable income and would have a positive effect on our cash flow. There can be no assurance that we will generate the taxable income in the future necessary to utilize these U. S. NOLs and realize the positive cash flow benefit. Also, almost all of our U. S. NOLs have expiration dates. There can be no assurance that, if and when we generate taxable income in the future from operations or the sale of assets or businesses, we will generate such taxable income before our U. S. NOLs expire. We have generated U. S. NOLs, but our ability to preserve and use these U. S. NOLs could be limited or impaired by future ownership changes. Our ability to utilize the U. S. NOLs after an" ownership change" is subject to the rules of Section 382 of the U. S. Internal Revenue Code of 1986, as amended (" Section 382"). An ownership change occurs if, among other things, the shareholders (or specified groups of shareholders) who own or have owned, directly or indirectly, five percent (5 %) or more of the value of our shares or are otherwise treated as five percent (5 %) shareholders under Section 382 and the regulations promulgated thereunder increase their aggregate percentage ownership of the value of our shares by more than fifty (50) percentage points over the lowest percentage of the value of the shares owned by these shareholders over a three- year rolling period. An ownership change could also be triggered by other activities, including the sale of our shares that are owned by our five percent (5 %) shareholders. In the event of an ownership change, Section 382 would impose an annual limitation on the amount of taxable income we may offset with U. S. NOLs. This annual limitation is generally equal to the product of the value of our shares on the date of the ownership change multiplied by the long- term tax- exempt rate in effect on the date of the ownership change. The long- term tax- exempt rate is published monthly by the Internal Revenue Service. Any unused Section 382 annual limitation may be carried over to later years until the applicable expiration date for the respective U. S. NOLs. In the event an ownership change as defined under Section 382 were to occur, our ability to utilize our U. S. NOLs would become substantially limited. The consequence of this limitation would be the potential loss of a significant future cash flow benefit because we would no longer be able to substantially offset future taxable income with U. S. NOLs. There can be no assurance that such ownership change will not occur in the future. **KINGSWAY FINANCIAL SERVICES INC.** Expiration of our tax benefit preservation plan could increase the probability that we will experience an ownership change as defined under Section 382. In order to reduce the likelihood that we would experience an ownership change without the approval of our Board of Directors, our shareholders ratified and approved the tax benefit preservation plan agreement (the" Plan"), dated as of September 28, 2010, between the Company and Computershare Investor Services Inc., as rights agent, for the sole purpose of protecting the U. S. NOLs. The Plan expired on September 28, 2013. There can be no assurance that our Board of Directors will recommend to our shareholders that a similar tax benefit preservation plan be approved to replace the expired Plan; furthermore, there can be no assurance that our shareholders would approve any new tax benefit preservation plan were our Board of Directors to present one for shareholder approval. The expiration of the Plan, without a new tax benefit preservation plan, exposes us to certain changes in share ownership that we would not be able to prevent as we would have been able to prevent under the Plan. Such changes in share ownership could trigger an ownership change as defined under Section 382 resulting in restrictions on the use of NOLs in future periods, as discussed above. We will only be able to utilize our U. S. NOLs against the future taxable income generated by companies we acquire if we are able to include the acquired companies in our U. S. consolidated tax return group. We have in the past acquired companies and expect to do so in the future. Our ability to include acquired companies in our U. S. consolidated tax return group is subject to the rules of Section 1504 of the U. S. Internal Revenue Code of 1986, as amended. If it were ever determined that an acquired company did not qualify to be included in our U. S. consolidated tax return group, such acquired company would be required to file a U. S. tax return separate and apart from our U. S. consolidated tax return group. In that instance, the acquired company would be required to pay U. S. income tax on its taxable income despite the existence of our U. S. NOLs, which would be a use of cash at the acquired company; furthermore, were the income tax obligation of the acquired company in such instance to be greater than its available cash, we could be obligated to contribute cash to our subsidiary to meet its income tax obligation. There can be no assurance that an acquired company will generate taxable income and, if an acquired company does generate taxable income, there can be no assurance that the acquired company will be allowed to be included in our U. S. consolidated tax return group. ~~KINGSWAY FINANCIAL SERVICES INC.~~ COMPLIANCE RISK If we fail to comply with applicable insurance and securities laws or regulatory requirements, our business, results of operations, financial condition or cash flow could be adversely affected. As a publicly traded holding company listed on the New York Stock Exchange, we are subject to numerous laws and regulations. These laws and regulations delegate regulatory, supervisory and administrative powers to federal, provincial or state regulators. Any failure to comply with applicable laws or regulations or the mandates of applicable regulators could result in the imposition of fines or significant restrictions on our ability to do business, which could adversely affect our results of operations or financial condition. In addition, any changes in laws or regulations (or the interpretation or application thereof, including changes to applicable case law and legal precedent) could materially adversely affect our business, results of operations or financial condition. It is not possible to predict the future effect of changing federal, state and provincial law or regulation (or the interpretation or application thereof) on our operations, and there can be no assurance that laws and regulations enacted in the future will not be more restrictive than existing laws and regulations. Our business is subject to risks related to litigation. In connection with our operations in the ordinary course of business, at times we are named as defendants in various actions for damages and costs allegedly sustained by the plaintiffs. While it is not possible to estimate the loss, or range of loss, if any, that would be incurred in connection with any of the various proceedings at this time, it is possible an individual action ~~would~~ **could** result in a loss having a material adverse effect on our business, results of operations or financial condition. Material weaknesses in our internal control over financial reporting could result in material misstatements in our consolidated financial statements. We are required to evaluate the effectiveness of the design and operation of our disclosure controls and procedures under the Securities Exchange Act of 1934. **In the past** ~~As described in Item 9A~~ , ~~Controls and Procedures, of this 2022 Annual Report, in previous years~~ we **have** identified the existence of material weaknesses in **our** internal control over financial reporting ~~. We~~ **, which** have ~~one~~ **since been remediated. As described in Item 9A, Controls and Procedures, of this 2023 Annual Report, we have identified the existence of** material ~~weakness~~ **weaknesses** ~~that has not yet been fully~~ **in internal control over financial reporting related to the accounting for debt at fair value and the presentation of the repurchase of its subordinated debt in the statement of cash flows. Although we have** remediated ~~. We~~ **material weaknesses previously identified and** are actively engaged in developing and implementing remediation plans as described ~~in~~ Item 9A, Controls and Procedures, of this ~~2022~~ **2023** Annual Report, but we can provide no assurance that additional material weaknesses in our internal control over financial reporting will not be identified in the future and that such material weaknesses, if identified, will not result in material misstatements in our consolidated financial statements ~~. Failure to comply with the NYSE' s continued listing requirements and rules could result in the NYSE delisting our common stock, which could negatively affect our company, the price of our common stock and your ability to sell our common stock. On April 17, 2020, the Company received a notice from NYSE that the Company was not in compliance with NYSE listing standard 802. 01B because our average global market capitalization over a consecutive 30 trading- day period was less than $ 50. 0 million and stockholders' equity was less than $ 50. 0 million. In accordance with the NYSE listing requirements, we submitted a plan that demonstrated how we expected to return to compliance with NYSE listing standard 802. 01B. On July 9, 2020, the NYSE notified us that our plan was accepted. On January 18, 2021, NYSE notified us that we were again in compliance with NYSE listing standard 802. 01B but that we were subject to continued monitoring and review for a period of 12 months. While we remained in compliance during this 12- month period, we may in the future again fail to be in compliance with the NYSE listing standards and we may be subject to corrective action by NYSE, which may include suspension and delisting procedures. If we are unable to satisfy the NYSE criteria for continued listing, our common stock would be subject to delisting. A delisting of our common stock could~~

~~negatively impact us by, among other things, reducing the liquidity and market price of our common stock; reducing the number of investors willing to hold or acquire our common stock, which could negatively impact our ability to raise equity financing; decreasing the amount of news and analyst coverage of us; and limiting our ability to issue additional securities or obtain additional financing in the future. In addition, delisting from the NYSE may negatively impact our reputation and, consequently, our business.~~ STRATEGIC RISK The achievement of our strategic objectives is highly dependent on effective change management. Over the past several years **,** we have restructured our operating insurance subsidiaries, including exiting states and lines of business, placing subsidiaries into voluntary run- off, terminating managing general agent relationships, hiring a new management team, selling Mendota and CMC and acquiring PWI, Ravix, CSuite ~~and~~ **,** SNS **, SPI and DDI** with the objective of focusing on our Extended Warranty and Kingsway Search Xcelerator segments, creating a more effective and efficient operating structure and focusing on profitability. These actions resulted in changes to our structure and business processes. While these changes are expected to bring us benefits in the form of a more agile and focused business, success is dependent on management effectively realizing the intended benefits. Change management may result in disruptions to the operations of the business or may cause employees to act in a manner that is inconsistent with our objectives. Any of these events could negatively affect our performance. We may not always achieve the expected cost savings and other benefits of our initiatives. KINGSWAY FINANCIAL SERVICES INC. We may experience difficulty continuing to retain our holding company staff. There can be no assurance that our businesses will produce enough cash flow to adequately compensate and retain staff and to service our other holding company obligations, particularly the interest expense burden of our remaining outstanding debt. The highly competitive environment in which we operate could have an adverse effect on our business, results of operations or financial condition. The vehicle service agreement market in which we compete is comprised of a number of companies, including a few large companies, which market service agreements on a national basis and have significantly more financial, marketing and management resources than we do, as well as several other companies that are somewhat similar in size to our Extended Warranty companies. There may also be other companies of which we are not aware that may be planning to enter the vehicle service agreement industry. Competitors in our market generally compete on coverages offered, claims handling, customer service, financial stability and, to a lesser extent, price. Larger competitors of ours benefit from added advantages such as industry endorsements and preferred vendor status. We do not believe that it is in our best interest to compete solely on price. Instead, we focus our marketing on the total value experience, with an emphasis on customer service. While we historically have been able to adjust our product offering to remain competitive when competitors have focused on price, our business could be adversely affected by the loss of business to competitors offering vehicle service agreements at lower prices. Engaging in acquisitions involves risks, and, if we are unable to effectively manage these risks, our business could be materially harmed. From time to time we engage in discussions concerning acquisition opportunities and, as a result of such discussions, may enter into acquisition transactions. Acquisitions entail numerous potential risks, including the following: • difficulties in the integration of the acquired business, including implementation of proper internal controls over financial reporting; • assumption of unknown material liabilities; • diversion of management' s attention from other business concerns; • failure to achieve financial or operating objectives or other anticipated benefits or synergies and / or anticipated cost savings; and • potential loss of customers or key employees. We may not be able to integrate or operate successfully any business, operations, personnel, services or products that we may acquire in the future. OPERATIONAL RISK Our Extended Warranty subsidiaries' deferred service fees may be inadequate, which would result in a reduction in our net income and could adversely affect our financial condition. Our Extended Warranty subsidiaries' deferred service fees do not represent an exact calculation but are estimates involving actuarial and statistical projections at a given point in time of what we expect to be the remaining future revenue to be recognized in relation to our remaining future obligations to provide policy administration and claim- handling services. The process for establishing deferred service fees reflects the uncertainties and significant judgmental factors inherent in estimating the length of time and the amount of work related to our future service obligations. If we amortize the deferred service fees too quickly, we could overstate current revenues, which may result in a future significant reversal of revenue and adversely affect future reported operating results. As time passes and more information about the remaining service obligations becomes known, the estimates are appropriately adjusted upward or downward to reflect this additional information. We cannot assure that we will not have unfavorable re- estimations in the future of our deferred service fees and that such unfavorable re- estimations will not have a material adverse effect on our business, results of operations or financial condition. In addition, we have in the past, and may in the future, acquire companies that record deferred service fees. We cannot assure that the deferred service fees of the companies that we acquire are or will be adequate. Extended Warranty' s reliance on credit unions and dealers, as well as our overall reliance on automobile sales could adversely affect our ability to maintain business. The Extended Warranty business markets and distributes vehicle service agreements through a network of credit unions and dealers in the United States. We have competitors that offer similar products exclusively through credit unions and competitors that distribute similar products through dealers. Loss of all or a substantial portion of our existing relationships could have a material adverse effect on our business, results of operations or financial condition. Moreover, our vehicle service agreement businesses rely heavily on the sale of new and used vehicles to drive product sales. Accordingly, a significant decline in new and used automobile sales could have a material adverse effect on our business, results of operations or financial condition. ~~KINGSWAY FINANCIAL SERVICES INC.~~ Our reliance on a limited number of warranty and maintenance support clients and customers could adversely affect our ability to maintain business. We market and distribute our warranty products and equipment breakdown and maintenance support services through a limited number of customers and clients across the United States. Loss of all or a substantial portion of our existing customers and clients could have a material adverse effect on our business, results of operations or financial condition. We have reclassified certain assets and discontinued a portion of our operations which could adversely affect our business and operations. As discussed in Note 5," Disposal and Discontinued Operations" to our Consolidated Financial Statements, all operations related to CMC and VA Lafayette, which serves as a medical and dental clinic for the Department of

Veteran Affairs, are included as discontinued operations. In the future, it may be necessary to write- off charges and other costs or incur additional expenses in connection with our discontinued operations, which could have a material adverse effect on our business, results of operations or financial condition. **KINGSWAY FINANCIAL SERVICES INC.** Additionally, as of December 31, 2022 **and December 31, 2023** , we **have** classified VA Lafayette as an asset " held for sale ". We can provide no assurances that we will successfully sell VA Lafayette, that we will do so in accordance with our expected timeline or that we will recover the carrying value of the assets, which could have a material adverse effect on our business, results of operations or financial condition. Additionally, any decisions made regarding our deployment or use of any sales proceeds we receive in any sale involves risks and uncertainties. As a result, our decisions with respect to such proceeds may not lead to increased long-term stockholder value. CSuite' s focus on serving private equity backed businesses creates exposure to general mergers and acquisitions (" M & A") activity. CSuite' s business opportunities outside of search are correlated with M & A activities. Clients will often engage CSuite' s financial executive services to prepare a business for a transaction or to assist with post- acquisition implementation. Accordingly, a major contraction of M & A activity could have a material effect on our business, results of operations or financial condition. Ravix' s concentration in venture- capital- funded startups creates exposure to the venture capital funding cycles. Ravix focuses on venture- capital- funded companies, often in Silicon Valley, as its clients and receives a significant portion of its referrals from service providers focused on servicing the same market. Accordingly, a major contraction of available venture capital funding into companies or industries that Ravix services could have a material adverse effect on our business, results of operations or financial condition. SNS may experience increased costs that reduce its revenue and profitability if applicable government regulations change. The introduction of new regulatory provisions could materially raise the costs associated with hiring temporary employees such as per diem and travel nurses. For example, a state could impose sales taxes or increase sales tax rates on temporary healthcare staffing services. Furthermore, if government regulations were implemented that limit the amount SNS is permitted to charge for its services, SNS' profitability could be adversely affected. Healthcare is a regulated industry and modifications, inaccurate interpretations or violations of any applicable statutory or regulatory requirements may result in material costs or penalties as well as litigation and could reduce SNS' revenue and profitability. Healthcare is subject to many complex federal, state, local and international laws and regulations related to professional licensing, the payment of employees (e. g., wage and hour laws, employment taxes, arbitration agreements, and income tax withholdings, etc.) and general business operations (e. g., federal, state and local tax laws). Failure to comply with all applicable laws and regulations could result in civil and / or criminal penalties as well as litigation, injunction or other equitable remedies. SNS maintains insurance coverage for employment claims, however, SNS' insurance coverage may not be sufficient to fully cover all claims against SNS or may not continue to be available to SNS at a reasonable cost or without coverage exclusions. If SNS' insurance does not cover the claim or SNS is otherwise not able to maintain adequate insurance coverage, SNS may be exposed to substantial liabilities that would materially impact its business and financial performance. **We cannot ensure that our compliance controls, policies, and procedures will in every instance protect us from acts committed by our employees, agents, contractors, or collaborators that would violate the laws or regulations of the jurisdictions in which we operate, including, without limitation, healthcare, employment, foreign corrupt practices, trade restrictions and sanctions, environmental, competition, and privacy laws and regulations.** SNS' profitability could be adversely impacted if SNS is unable to adjust its nurse pay rates as the bill rates decline. SNS does not have control over the bill rate from hospitals and negotiates the pay rates with the nurses who work with the company. If the bill rates decline, SNS will need to renegotiate the pay rates with its nurses and successfully recruit new nurses at lower pay rates. SNS' ability to recruit and retain nurses is contingent on SNS' ability to offer attractive assignments with competitive wages and benefits or payments. SNS may be unable to recruit and retain enough quality nurses to meet the demand. SNS relies on its ability to attract, develop, and retain nurses who possess the skills, experience and required licenses necessary to meet the specified requirements of the healthcare facilities. SNS competes for nurses with other temporary healthcare staffing companies. SNS relies on word- of-mouth referrals, as well as social and digital media to attract qualified nurses. If SNS' social and digital media strategy is not successful, SNS' ability to attract qualified nurses could be negatively impacted. Moreover, the competition for nurses remains high as many areas of the United States continue to experience a shortage of qualified nurses. ~~KINGSWAY FINANCIAL SERVICES INC.~~ Disruptions or security failures in our information technology systems **, including as a result of cybersecurity incidents,** could create liability for us and / or limit our ability to effectively monitor, operate and control our operations and adversely affect our reputation, business, financial condition, results of operation and cash flows. Our information technology systems facilitate our ability to monitor, operate and control our operations. Changes or modifications to our information technology systems could cause disruption to our operations or cause challenges with respect to our compliance with laws, regulations or other applicable standards. For example, delays, higher than expected costs or unsuccessful implementation of new information technology systems could adversely affect our operations. In addition, any disruption in or failure of our information technology systems to operate as expected could, depending on the magnitude of the problem, adversely affect our business, financial condition, results of operation and cash flows, including by limiting our capacity to monitor, operate and control our operations effectively. Failures of our information technology systems could also lead to violations of privacy laws, regulations, trade guidelines or practices related to our customers and employees. If our disaster recovery plans do not work as anticipated, or if the third- party vendors to which we have outsourced certain information technology or other services fail to fulfill their obligations to us, our operations may be adversely affected. Any of these circumstances could adversely affect our reputation, business, financial condition, results of operation and cash flows. **KINGSWAY FINANCIAL SERVICES INC.** Our success depends on our ability to price accurately the risks we underwrite. Our results of operation or financial condition depend on our ability to price accurately for a wide variety of risks. Adequate rates are necessary to generate revenues sufficient to pay expenses and to earn a profit. To price our products accurately, we must collect and properly analyze a substantial amount of data; develop, test and apply appropriate pricing techniques; closely monitor and timely recognize changes in trends; and project both severity and frequency of losses with reasonable accuracy. Our ability to undertake these efforts successfully, and as a result , price our products accurately, is subject to a number of risks and uncertainties, some of which are outside our control, including: • the availability of reliable data and our ability to properly analyze available data; • the uncertainties that inherently characterize estimates and assumptions; • our selection and application of appropriate pricing techniques; and • changes in applicable legal liability standards and in the civil litigation system generally. Consequently, we could underprice risks, which would adversely affect our results, or we could overprice risks, which would reduce our sales volume and competitiveness. In either case, our results of operation could be materially and adversely affected. HUMAN RESOURCES RISK Our business depends upon key employees, and if we are unable to retain the services of these key employees or to attract and retain additional qualified personnel, our business could be adversely affected. Our success at improving our performance will be dependent in part on our ability to retain the services of our existing key employees and to attract and retain additional qualified personnel in the future. The loss of the services of any of our key employees, or the inability to identify, hire and retain other highly qualified personnel in the future, could adversely affect our results of operations. ~~KINGSWAY FINANCIAL SERVICES INC.~~