

Kestrel Group Reports First Quarter 2026 Financial Results

Austin, TX, May 8, 2026 - Kestrel Group Ltd (NASDAQ: KG) ("Kestrel" or the "Company") a leading specialty insurance platform that provides fronting services to program managers, reinsurers, and reinsurance brokers, today reported its financial results for the first quarter ended March 31, 2026.

Key Highlights – First Quarter 2026 Financials

- Program Services net fee income was \$1.6 million
- Premium produced⁽¹⁾ by Program Services clients was \$94.2 million
- Total revenues were \$10.2 million
- Net premiums earned were \$3.2 million
- As of March 31, 2026, the Company's book value per common share was \$15.52
- Net loss from continuing operations was \$7.0 million, or a loss of \$0.90 per share

Commenting on the results, Kestrel's Chief Executive Officer, Luke Ledbetter, stated, "The first quarter demonstrated continued momentum in our Program Services segment, with fee revenue and premiums produced up materially year-over-year. As we look across the broader fronting market, we continue to believe Kestrel is well-positioned, and our balance sheet light model allows us to focus on disciplined growth."

Program Services Segment

The Program Services segment provides fronting services to general agents and insurance carriers to leverage Kestrel's trusted reputation to provide access to the U.S. property and casualty insurance market and insurance paper rated "A-" (Excellent) A.M. Best rating and expansive licenses in exchange for fees. Kestrel issues the policy through exclusive use of four insurance carriers, and those carriers presently retain and reinsure the risk. The Company continues to actively pursue reinsurance mechanisms with its existing partners that would selectively deploy the Company's underwriting capacity that it believes could facilitate and accelerate both its fee and premium revenue growth.

In the first quarter of 2026, total fee revenues from the Program Services segment were \$3.1 million, which increased 286.6% over the first quarter of 2025, a combination of expanding existing and new client accounts. Premium produced⁽¹⁾ by client programs during the first quarter of 2026 totaled \$94.2 million, a 303.6% increase over the first quarter of 2025.

Legacy Reinsurance Segment

The Legacy Reinsurance segment consists of the AmTrust Reinsurance and Diversified Reinsurance segments previously reported by Maiden Holdings, Ltd. ("Maiden") prior to the Combination with Kestrel. The AmTrust portion of this segment includes all business ceded to Maiden Reinsurance by AmTrust. The Diversified portion of this segment consists of a run-off portfolio of predominantly third-party property and casualty reinsurance business focusing on regional and specialty property and casualty insurance companies located primarily in Europe, as well as business produced by Maiden LF and Maiden GF along with transactions entered into by Genesis Legacy Solutions.

During the first quarter of 2026, the Legacy Reinsurance segment produced an underwriting loss of \$3.3 million. The underwriting loss in the first quarter of 2026 included \$2.4 million of losses related to the segment's AmTrust business and \$0.9 million of losses related to the Diversified business.

The AmTrust business reported an underwriting loss of \$1.9 million for the current accident year in the first quarter of 2026 as the run-off of certain remaining multiple year policies continues. In addition, there was approximately \$0.6 million in adverse prior period loss development ("PPD") during the first quarter of 2026. Net adverse PPD was due to an adjustment for greater than expected amount of earned exposure in 2025 that was reported in the three months ended March 31, 2026 on Specialty Risk and Extended Warranty business in the AmTrust Quota Share, and a modest reduction in recoveries anticipated under the Loss Portfolio Transfer and Adverse Development Cover Agreement ("LPT/ADC Agreement") with Cavello Bay Reinsurance Limited.

The results for the segment's Diversified business largely reflect the ongoing run-off of the Company's international operations.

Investment Activities and Other Gains

The Company reported combined income from investment activities totaling \$3.9 million for the three months ended March 31, 2026, resulting from net investment income of \$2.6 million and net realized and unrealized investment gains of \$1.3 million, the latter of which was substantially from Maiden's legacy alternative asset portfolio.

Also, during the first quarter, the Company recognized foreign exchange and other gains of \$2.2 million. This included \$2.0 million of net foreign exchange gains due to appreciation of the U.S. dollar on the re-measurement of net loss reserves and insurance related liabilities denominated in the British pound and euro; and a \$0.2 million gain from the revaluation of a contingent receivable in the insurance distribution industry.

General and Administrative Expenses

Total general and administrative expenses were \$11.7 million for the three months ended March 31, 2026. First quarter 2026 expenses include approximately \$3.0 million in expenses that are annual in nature or are adjustments to previously accrued amounts that are not expected to recur during the remainder of 2026.

In addition, during the first quarter of 2026, the Company recorded \$0.8 million in expenses related to fair value adjustments recognized at the time of its combination with Maiden.

Balance Sheet

Total assets were \$964.2 million at March 31, 2026, and shareholders' equity was \$121.4 million.

As of March 31, 2026, the Company has available net operating loss ("NOL") carryforwards of \$476.3 million for income tax purposes. Approximately \$387.6 million of NOL carryforwards expire in various years beginning in 2029. As of March 31, 2026, approximately \$88.7 million or 18.6% of the Company's NOL carryforwards have no expiry date under the relevant U.S. tax law.

Investor Presentation

The Company has posted an investor presentation on its website in connection with this earnings release. The presentation, dated May 2026, can be found at <https://kestrelgroup.gcs-web.com/events-and-presentations/presentations>.

Non-GAAP Reconciliations

Please see "Non-GAAP Financial Measures" at the end of this earnings release for additional information on non-GAAP financial measures and reconciliations of these measures to their most directly comparable financial measures calculated and presented in accordance with GAAP.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the Company's current expectations and are subject to risks and uncertainties that may cause actual results to differ materially. Factors that could cause differences are discussed in the Company's SEC filings, including the Company's Annual Report on Form 10-K for the year ended December 31, 2025, and subsequent quarterly reports on Form 10-Q.

Various statements contained in this press release are forward-looking statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include projections, assumptions, and estimates concerning the anticipated benefits of the business combination and integration of Maiden and Kestrel, our future results of operations and financial position, business strategy, and plans and objectives of management for future operations, the timing and success of specific projects and strategies for growth, and our future production, revenues, income, expenses, capital spending, and reserves. Our forward-looking statements are generally, but not always, accompanied by words such as "estimate," "believe," "expect," "will," "plan," "target," "could" or other words that convey the uncertainty of future events or outcomes.

There can be no assurance that actual developments will be those anticipated by us. Actual results may differ materially from those expressed or implied in these statements as a result of significant risks and uncertainties, including, but not limited to, our ability to recover from our capacity providers, the cost and availability of reinsurance coverage, challenges to our use of issuing carrier or fronting arrangements by regulators or changes in state or federal insurance or other statutes or regulations, our dependence on a limited number of business partners, our ability to compete effectively, a downgrade in the financial strength ratings of insurance carriers utilized for fronting arrangements, our ability to accurately underwrite and price our products and to maintain and establish accurate loss reserves, opportunities to expand our ability and capacity to write fee-based business, our ability to implement reinsurance mechanisms to selectively deploy underwriting capacity, our ability to manage our legacy business and ongoing run-off of our international operations, changes in interest or foreign exchange rates or other changes in the financial markets, availability and sources of liquidity, timing and amount of expenditures, measures to contain or reduce operating expenses, the effects of emerging claim and coverage issues, changes in the demand for our products, outcomes of ongoing litigation or other legal matters, our competitive position in the industry and markets in which we operate, the effect

of general economic conditions, breaches in data security or other disruptions with our technology, changes in pricing or other competitive environments, and the development and success of strategies or other initiatives.

Forward-looking statements involve inherent risks and uncertainties that are difficult to predict, many of which are beyond our control. Additional information about these risks and uncertainties is contained in our filings with the Securities and Exchange Commission. The forward-looking statements in this press release speak only as of the date of this release, and we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Kestrel Group

Kestrel Group Ltd specializes in providing fronting services to insurance program managers, managing general agents (MGAs), reinsurers, and reinsurance brokers. Kestrel Group facilitates insurance transactions utilizing its exclusive management contracts with four insurance carriers, all of which are rated A- "Excellent" by A.M. Best. These contracts enable Kestrel Group to offer both admitted and surplus lines in all U.S. states. Kestrel Group generally does not assume significant underwriting risk and produces lines of business such as casualty, workers' compensation, catastrophe-exposed property, and non-catastrophe-exposed property, with diverse risk durations, sizes, and product types. To learn more about Kestrel Group, please visit <https://kestrelgroup.com>.

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KESTREL GROUP LTD
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share data)

	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
ASSETS		
<i>Investments:</i>		
Fixed maturities, available-for-sale, at fair value (<i>Amortized cost 2026 - \$118,298; 2025 - \$164,352</i>)	\$ 118,376	\$ 165,035
Equity securities, at fair value (<i>Cost:2026 - \$11,145; 2025 - \$11,145</i>)	11,748	11,748
Equity method investments	33,543	33,532
Other investments	175,670	173,358
Total investments	339,337	383,673
Cash and cash equivalents	15,052	15,480
Restricted cash and cash equivalents	47,159	9,146
Accrued investment income	4,872	5,003
Reinsurance balances receivable, net	297	724
Reinsurance recoverable on unpaid losses	436,381	461,197
Net loan receivable from related party	78,606	86,883
Intangible assets	8,509	9,347
Funds withheld receivable	7,448	10,956
Other assets	17,636	17,740
Assets held for sale	8,930	9,806
Total assets	\$ 964,227	\$ 1,009,955
LIABILITIES		
Reserve for loss and loss adjustment expenses	\$ 593,350	\$ 637,169
Unearned premiums	16,891	17,406
Accrued expenses and other liabilities	57,426	52,032
Senior notes - principal amount	262,361	262,361
Less: unamortized fair value adjustment	87,639	87,959
Senior notes, net	174,722	174,402
Liabilities held for sale	401	662
Total liabilities	842,790	881,671
<i>Commitments and Contingencies</i>		
EQUITY		
Common shares	101	100
Additional paid-in capital	178,982	177,534
Accumulated other comprehensive income	537	916
(Accumulated deficit) retained earnings	(6,234)	1,197
Treasury shares, at cost	(51,949)	(51,463)
Total Equity	121,437	128,284
Total Liabilities and Equity	\$ 964,227	\$ 1,009,955
Book value per common share⁽²⁾	\$ 15.52	\$ 16.57
Common shares outstanding	7,824,030	7,741,943

KESTREL GROUP LTD
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands of U.S. dollars, except share and per share data)

	For the Three Months Ended March 31,	
	2026	2025
Revenues:		
Gross premiums written	\$ 2,655	\$ —
Net premiums written	\$ 2,654	\$ —
Change in unearned premiums	503	—
Net premiums earned	3,157	—
Fee revenue	3,120	807
Net investment income	2,577	34
Net realized and unrealized investment gains	1,339	—
Total revenues	10,193	841
Expenses:		
Net loss and loss adjustment expenses	2,255	—
Commission and other acquisition expenses	1,473	—
General and administrative expenses	11,743	1,143
Total expenses	15,471	1,143
Other expenses		
Interest and amortization expenses	3,896	—
Foreign exchange and other gains	(2,228)	—
Total other expenses	1,668	—
Net loss before income taxes	(6,946)	(302)
Less: income tax expense	6	92
Interest in loss of equity method investments	(1)	—
Net loss from continuing operations	(6,953)	(394)
Loss from discontinued operations, net of income tax	(478)	—
Net loss	\$ (7,431)	\$ (394)
Basic and diluted loss per share from continuing operations		
	\$ (0.90)	\$ (0.14)
Basic and diluted loss per share from discontinued operations		
	(0.06)	—
Basic and diluted loss per share attributable to Kestrel common shareholders	\$ (0.96)	\$ (0.14)
Annualized return on average common equity	(24.1)%	(36.2)%
Weighted average number of common shares - basic and diluted	7,752,415	2,749,996

KESTREL GROUP LTD
SUPPLEMENTAL FINANCIAL DATA - SEGMENT INFORMATION (Unaudited)
(in thousands of U.S. dollars)

For the Three Months Ended March 31, 2026	Legacy Reinsurance	Program Services	Total
Gross premiums written	\$ 2,655	\$ —	\$ 2,655
Net premiums written	\$ 2,654	\$ —	\$ 2,654
Net premiums earned	\$ 3,157	\$ —	\$ 3,157
Fee revenue	—	3,120	3,120
Net loss and loss adjustment expenses ("loss and LAE")	(2,255)	—	(2,255)
Commission and other acquisition expenses	(1,473)	—	(1,473)
General and administrative expenses ⁽³⁾	(2,713)	(1,512)	(4,225)
Underwriting loss and fee income⁽⁴⁾	\$ (3,284)	\$ 1,608	(1,676)
<i>Reconciliation to net loss from continuing operations</i>			
Net investment income and net realized and unrealized investment gains			3,916
Interest and amortization expenses			(3,896)
Foreign exchange and other gains, net			2,228
Other general and administrative expenses ⁽³⁾			(7,518)
Income tax expense			(6)
Interest in loss of equity method investments			(1)
Net loss from continuing operations			\$ (6,953)

For the Three Months Ended March 31, 2025	Legacy Reinsurance	Program Services	Total
Fee revenue	\$ —	\$ 807	\$ 807
General and administrative expenses ⁽³⁾	—	(572)	(572)
Fee income⁽⁴⁾	\$ —	\$ 235	235
<i>Reconciliation to net loss</i>			
Net investment income			34
Other general and administrative expenses ⁽³⁾			(571)
Income tax expense			(92)
Net loss from continuing operations			\$ (394)

KESTREL GROUP LTD
NON-GAAP FINANCIAL MEASURES (Unaudited)
(In thousands of U.S. dollars, except share and per share data)

	For the Three Months Ended March 31,	
	2026	2025
Non-GAAP operating loss⁽⁵⁾	\$ (10,354)	\$ (394)
Non-GAAP basic and diluted operating loss per common share attributable to Kestrel common shareholders ⁽⁵⁾	\$ (1.34)	\$ (0.14)
Annualized non-GAAP operating return on average shareholders' equity⁽⁶⁾	(33.6)%	(36.2)%
Reconciliation of net loss to non-GAAP operating loss:		
Net loss	\$ (7,431)	\$ (394)
<i>Add (subtract):</i>		
Net realized and unrealized investment gains	(1,339)	—
Amortization of intangible assets	838	—
Foreign exchange and other gains	(2,228)	—
Interest in loss of equity method investments	1	—
Net loss from discontinued operations	478	—
Restructuring and severance costs	24	—
Costs incurred due to the Combination	(697)	—
Non-GAAP operating loss⁽⁵⁾	\$ (10,354)	\$ (394)
Weighted average number of common shares - basic and diluted	7,752,415	2,749,996
Reconciliation of diluted loss per share attributable to Kestrel common shareholders to non-GAAP diluted operating loss per share attributable to Kestrel common shareholders:		
Diluted loss per share attributable to common shareholders	\$ (0.96)	\$ (0.14)
<i>Add (subtract):</i>		
Net realized and unrealized investment gains	(0.17)	—
Amortization of intangible assets	0.11	—
Foreign exchange and other gains	(0.29)	—
Net loss from discontinued operations	0.06	—
Costs incurred due to the Combination	(0.09)	—
Non-GAAP diluted operating loss per share attributable to common shareholders⁽⁵⁾	\$ (1.34)	\$ (0.14)

KESTREL GROUP LTD
NON-GAAP FINANCIAL MEASURES (Unaudited)
(In thousands of U.S. dollars, except share and per share data)

	March 31, 2026	December 31, 2025
Investable assets:		
Total investments	\$ 339,337	\$ 383,673
Cash and cash equivalents	15,052	15,480
Restricted cash and cash equivalents	47,159	9,146
Net loan receivable from related party	78,606	86,883
Funds withheld receivable	7,448	10,956
Total investable assets⁽⁷⁾	\$ 487,602	\$ 506,138
Capital:		
Total shareholders' equity	\$ 121,437	\$ 128,284
2016 Senior Notes	110,000	110,000
2013 Senior Notes	152,361	152,361
Total capital resources⁽⁸⁾	\$ 383,798	\$ 390,645

(1) *Premium produced* is an operating metric determined by management as a byproduct of the program services fees it earns and is paid by clients. Premium produced is equal to the premium written by an MGA or capacity provider, and management believes this measure is important in understanding the underlying production trends of its Program Services business and the fees it earns. Where available, the Company utilizes underlying premium produced as reported by its clients. Where the premium produced was not directly observable, the Company derived the premium produced by grossing up the known fee component using the applicable contractual fee percentage, including its arrangements with its insurance carrier partners.

(2) Book value per common share is calculated using shareholders' equity divided by the number of common shares outstanding. Management uses growth in this metric as a prime measure of the value we are generating for our common shareholders, because management believes that growth in this metric ultimately results in growth in the Company's common share price. This metric is impacted by the Company's net income and external factors, such as interest rates, which can drive changes in unrealized gains or losses on our investment portfolio as well as share repurchases.

(3) Underwriting loss and fee income related general and administrative expenses is a non-GAAP measure and includes expenses which are segregated for analytical purposes as a component of underwriting loss and fee income.

(4) Underwriting loss and fee income is a non-GAAP measure and is calculated as net premiums earned plus fee revenue less net loss and LAE, commission and other acquisition expenses and general and administrative expenses directly related to underwriting and fee revenue activities. For purposes of these non-GAAP operating measures, the fee-generating business, which is included in our Program Services segment, is considered part of the underwriting and fee income operations of the Company. Management believes that this measure is important in evaluating the underwriting and fee income performance of the Company and its segments. This measure is also a useful tool to measure the profitability of the Company separately from the investment results and is also a widely used performance indicator in the insurance industry.

(5) Non-GAAP operating earnings (loss) and non-GAAP basic and diluted operating earnings (loss) per common share are non-GAAP financial measure defined by the Company as net income (loss) excluding realized investment gains and losses, foreign exchange and other gains and losses, interest in income (loss) of equity method investment, and amortization of intangible assets and should not be considered as an alternative to net income (loss). It also excludes on a non-recurring basis: (1) loss from discontinued operations, net of income tax; (2) restructuring and severance costs; and (3) costs incurred due to the Combination. The Company's management believes that the use of non-GAAP operating earnings (loss) and non-GAAP diluted operating earnings (loss) per common share enables investors and other users of the Company's financial information to analyze its performance in a manner similar to how management analyzes performance. Management also believes that these measures generally follow industry practice therefore allowing the users of financial information to compare the Company's performance with its industry peer group, and that the equity analysts and certain rating agencies which follow the Company, and the insurance industry as a whole, generally exclude these items from their analyses for the same reasons. Non-GAAP operating earnings should not be viewed as a substitute for U.S. GAAP net income.

(6) Non-GAAP operating return on average shareholders' equity is a non-GAAP financial measure. Management uses non-GAAP operating return on average shareholders' equity as a measure of profitability that focuses on the return to common shareholders. It is calculated using non-GAAP operating earnings divided by average shareholders' equity.

(7) Investable assets are the total of the Company's investments, cash and cash equivalents, net loan receivable from related party and funds withheld receivable.

(8) Total capital resources are the sum of the Company's principal amount of debt and shareholders' equity.