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## Press Release

### Kemper Reports Third Quarter 2022 Operating Results

CHICAGO, November 2, 2022 — Kemper Corporation (NYSE: KMPR) reported a net loss of \$76.2 million, or \$(1.19) per diluted share, for the third quarter of 2022, compared to a net loss of \$75.3 million, or \$(1.18) per diluted share, for the third quarter of 2021. As Adjusted for Acquisitions<sup>1</sup> of American Access Casualty Company (“AAC”) and Infinity Property and Casualty Corporation, the net loss was \$72.7 million, or \$(1.14) per diluted share, for the third quarter of 2022, compared to a net loss of \$68.6 million, or \$(1.08) per diluted share, for the third quarter of 2021. In the third quarter of 2022, the net loss included an \$8.8 million after-tax loss, or \$(0.14) per diluted share, attributable to the change in fair value of equity and convertible securities.

Adjusted Consolidated Net Operating Loss<sup>1</sup> was \$30.5 million, or \$(0.48) per diluted share, for the third quarter of 2022, compared to Adjusted Consolidated Net Operating Loss<sup>1</sup> of \$75.8 million, or \$(1.19) per diluted share, for the third quarter of 2021.

#### Key themes of the quarter include:

- *Sequential improvement in Specialty Auto inclusive of elevated severity trends*
- *Profitability improvement initiatives earning in at an accelerated rate*
- *Rate-taking activities continue ahead of schedule:*
  - *Specialty P&C Personal Auto filed an additional 16% rate increase on 7% of the book*
  - *Preferred P&C Personal Auto filed an additional 18% rate increase on 40% of the book*
- *Continued strong momentum in Commercial Vehicle, net written premiums grew 34% year-over-year*
- *Consolidated catastrophe losses were \$27 million, primarily related to Hurricane Ian*
- *Life profitability improved as mortality continues to moderate and business benefits from increased yields*
- *Strategic initiatives announced to enhance the operating model: These include a restructuring program, an establishment of an offshore captive, and the transformation of P&C personal lines businesses to a fee based model through a reciprocal*
- *Offshore captive enabled a \$300M extraordinary dividend to the parent company contributing to \$1.4B of liquidity*
- *Declared dividend of \$0.31 per share*

“Our quarterly results show continued progress toward restoring underwriting profitability,” said Joseph P. Lacher, Jr., President, CEO and Chairman. “The cumulative benefit of the rate and non-rate actions taken over the past year continue to earn in at an accelerated pace. In addition, we announced a series of strategic initiatives to further strengthen the Kemper franchise. These include a restructuring program and operating model improvements that will decrease capital requirements, lower costs, enhance customer product offerings, and reduce our risk profile. This will better position us to serve the needs of our customers and employees, and provide significant long-term shareholder value.”

(Dollars in Millions, Except Per Share Amounts) (Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
<b>Net Income (Loss)</b> .....	\$ (76.2)	\$ (75.3)	\$ (245.7)	\$ (14.7)
Adjusted Consolidated Net Operating Income (Loss) <sup>1</sup> .....	\$ (30.5)	\$ (75.8)	\$ (130.3)	\$ (88.0)
<i>Impact of Catastrophe Losses and Related Loss Adjustment Expense (LAE) on Net Income</i> .....	\$ (21.3)	\$ (25.7)	\$ (56.2)	\$ (75.0)
Diluted Net Income (Loss) Per Share From:				
<b>Net Income (Loss)</b> .....	\$ (1.19)	\$ (1.18)	\$ (3.85)	\$ (0.23)
Adjusted Consolidated Net Operating Income (Loss) <sup>1</sup> .....	\$ (0.48)	\$ (1.19)	\$ (2.04)	\$ (1.36)
<i>Impact of Catastrophe Losses and Related LAE on Net Income (Loss) Per Share</i> .....	\$ (0.33)	\$ (0.40)	\$ (0.88)	\$ (1.16)

## Revenues

Total revenues for the third quarter of 2022 decreased \$67.0 million, or 5 percent, to \$1,377.6 million, compared to the third quarter of 2021, driven by \$28.8 million of lower Specialty P&C earned premiums, a \$22.2 million decrease in net realized investment gains, \$14.4 million of lower Preferred P&C earned premiums, and a \$10.6 million decrease in the change in fair value of equity and convertible securities. Net investment income decreased \$4.1 million to \$97.8 million in the third quarter of 2022 compared to the third quarter of 2021 due primarily to lower valuations on Equity Method Limited Liability Investments, partially offset by higher levels of investments in Fixed Income Securities and Company-Owned Life Insurance.

## Segment Results

Unless otherwise noted, (i) the segment results discussed below are presented on an after-tax basis, (ii) prior-year development includes both catastrophe and non-catastrophe losses and LAE, (iii) catastrophe losses and LAE exclude the impact of prior-year development, (iv) loss ratio includes loss and LAE, and (v) all comparisons are made to the prior year quarter unless otherwise stated.

(Dollars in Millions) (Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
<b>Segment Net Operating Income (Loss):</b>				
Specialty Property & Casualty Insurance .....	\$ (28.7)	\$ (59.3)	\$ (112.3)	\$ (70.9)
Preferred Property & Casualty Insurance .....	(2.1)	(6.4)	(25.0)	(5.1)
Life & Health Insurance .....	12.6	2.8	33.4	23.1
<b>Total Segment Net Operating Income (Loss) .....</b>	<b>(18.2)</b>	<b>(62.9)</b>	<b>(103.9)</b>	<b>(52.9)</b>
Corporate and Other Net Operating Income (Loss) .....	(12.3)	(12.9)	(26.4)	(35.1)
<b>Adjusted Consolidated Net Operating Income (Loss)<sup>1</sup> .....</b>	<b>(30.5)</b>	<b>(75.8)</b>	<b>(130.3)</b>	<b>(88.0)</b>
<b>Net Income (Loss) From:</b>				
Change in Fair Value of Equity and Convertible Securities .....	(8.8)	(0.5)	(63.1)	73.0
Net Realized Investment Gains (Losses) .....	(9.6)	7.9	0.3	34.0
Impairment Losses .....	(6.6)	(0.5)	(17.5)	(6.2)
Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs .....	(20.7)	(6.4)	(32.2)	(27.5)
Loss from Early Extinguishment of Debt .....	—	—	(2.9)	—
<b>Net Income (Loss) .....</b>	<b>\$ (76.2)</b>	<b>\$ (75.3)</b>	<b>\$ (245.7)</b>	<b>\$ (14.7)</b>

The Specialty Property & Casualty Insurance segment reported net operating loss of \$28.7 million for the third quarter of 2022, compared to net operating loss of \$59.3 million in the third quarter of 2021. Results improved due primarily to a lower underlying loss ratio. The segment's Underlying Combined Ratio<sup>1</sup> was 106.8 percent, compared to 108.9 percent in the third quarter of 2021. This decrease is driven primarily by lower frequency trends as a result of ongoing profit improvement initiatives.

The Preferred Property & Casualty Insurance segment reported net operating loss of \$2.1 million for the third quarter of 2022, compared to a net operating loss of \$6.4 million in the third quarter of 2021. Results improved due primarily to lower catastrophe losses and LAE. The segment's Underlying Combined Ratio<sup>1</sup> was 103.6 percent, compared to 102.2 percent in the third quarter of 2021. This increase is driven primarily by ongoing inflation and supply chain constraints.

The Life & Health Insurance segment reported net operating income of \$12.6 million for the third quarter of 2022, compared to \$2.8 million in the third quarter of 2021. This increase is primarily driven by lower mortality in life insurance products.

## Capital

Total Shareholders' Equity at the end of the quarter was \$2,437.6 million, a decrease of \$1,570.1 million, or 39 percent, since year-end 2021 primarily driven by a decrease in the fair value of the Company's fixed income bond portfolio, a net operating loss, and cash dividends to shareholders. Kemper and its direct non-insurance subsidiaries ended the quarter with cash and investments of \$449.8 million, and the \$600.0 million revolving credit agreement was undrawn.

On August 3, 2022, Kemper announced that its Board of Directors declared a quarterly dividend of \$0.31 per share, or \$20.1 million. The dividend was paid on August 29, 2022 to its shareholders of record as of August 15, 2022.

Kemper ended the quarter with a book value per share of \$38.16, a decrease of 39 percent from \$62.93 at the end of 2021. Book Value Per Share Excluding Net Unrealized (Gains) Losses on Fixed Maturities<sup>1</sup> was \$50.41, compared to \$55.04 at the end of 2021.

**Unaudited condensed consolidated statements of income (loss) for the three and nine months ended September 30, 2022 and 2021 are presented below.**

(Dollars in Millions, Except Per Share Amounts)	Three Months Ended		Nine Months Ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
<b>Revenues:</b>				
Earned Premiums	\$ 1,307.0	\$ 1,356.1	\$ 3,999.3	\$ 3,894.6
Net Investment Income	97.8	101.9	316.3	318.9
Change in Value of Alternative Energy Partnership Investments <sup>2</sup>	0.4	(23.8)	(21.2)	(46.9)
Other Income	4.0	1.5	7.3	4.8
Income (Loss) from Change in Fair Value of Equity and Convertible Securities	(11.2)	(0.6)	(79.9)	92.4
Net Realized Investment Gains (Losses)	(12.1)	10.1	0.4	43.1
Impairment Losses	(8.3)	(0.6)	(22.1)	(7.8)
<b>Total Revenues</b>	<b>1,377.6</b>	<b>1,444.6</b>	<b>4,200.1</b>	<b>4,299.1</b>
<b>Expenses:</b>				
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses	1,102.4	1,211.2	3,426.1	3,324.8
Insurance Expenses	301.3	311.3	913.0	909.0
Loss from Early Extinguishment of Debt	—	—	3.7	—
Interest and Other Expenses	63.5	51.9	171.1	163.2
<b>Total Expenses</b>	<b>1,467.2</b>	<b>1,574.4</b>	<b>4,513.9</b>	<b>4,397.0</b>
Income (Loss) before Income Taxes	(89.6)	(129.8)	(313.8)	(97.9)
Income Tax Benefit (Expense)	13.4	54.5	68.1	83.2
<b>Net Income (Loss)</b>	<b>\$ (76.2)</b>	<b>\$ (75.3)</b>	<b>\$ (245.7)</b>	<b>\$ (14.7)</b>
<b>Net Income (Loss) Per Unrestricted Share:</b>				
Basic	\$ (1.19)	\$ (1.18)	\$ (3.85)	\$ (0.23)
Diluted	\$ (1.19)	\$ (1.18)	\$ (3.85)	\$ (0.23)
<b>Weighted-average Outstanding (Shares in Thousands):</b>				
Unrestricted Shares - Basic	63,852.8	63,628.1	63,804.4	64,469.9
Unrestricted Shares and Equivalent Shares - Diluted	63,852.8	63,628.1	63,804.4	64,469.9
<b>Dividends Paid to Shareholders Per Share</b>	<b>\$ 0.31</b>	<b>\$ 0.31</b>	<b>\$ 0.93</b>	<b>\$ 0.93</b>

<sup>2</sup>Income related to Change in Value of Alternative Energy Partnership Investments was \$0.4 million for the three months ended September 30, 2022, compared to a loss of \$23.8 million for the same period in 2021. Tax expense related to the Alternative Energy Partnership Investments were \$0.1 million for the three months ended September 30, 2022, compared to tax benefits of \$30.6 million for the same period in 2021. This resulted in a net income of \$0.3 million and \$6.8 million attributable to Alternative Energy Partnership Investments for the three months ended September 30, 2022 and 2021, respectively.

<sup>2</sup>Loss related to Change in Value of Alternative Energy Partnership Investments was \$21.2 million for the nine months ended September 30, 2022, compared to \$46.9 million for the same period in 2021. Tax benefits related to the Alternative Energy Partnership Investments were \$8.0 million and \$67.8 million for the nine months ended September 30, 2022 and 2021, respectively. This resulted in a net loss of \$13.2 million and net income of \$20.9 million attributable to Alternative Energy Partnership Investments for the nine months ended September 30, 2022 and 2021, respectively.

Unaudited business segment revenues for the three and nine months ended September 30, 2022 and 2021 are presented below.

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
<b>REVENUES:</b>				
<b>Specialty Property &amp; Casualty Insurance:</b>				
Earned Premiums:				
Personal Automobile .....	\$ 858.8	\$ 920.6	\$ 2,666.3	\$ 2,615.6
Commercial Automobile .....	140.7	107.7	398.5	300.6
Total Earned Premiums .....	999.5	1,028.3	3,064.8	2,916.2
Net Investment Income .....	33.9	37.0	102.8	114.7
Change in Value of Alternative Energy Partnership Investments .....	0.3	(11.3)	(10.6)	(22.3)
Other Income .....	2.3	1.2	5.0	3.1
Total Specialty Property & Casualty Insurance Revenues .....	1,036.0	1,055.2	3,162.0	3,011.7
<b>Preferred Property &amp; Casualty Insurance:</b>				
Earned Premiums:				
Personal Automobile .....	89.5	102.6	279.5	309.1
Homeowners .....	51.9	52.5	150.9	154.6
Other Personal .....	7.9	8.6	24.4	25.4
Total Earned Premiums .....	149.3	163.7	454.8	489.1
Net Investment Income .....	11.8	16.1	36.2	51.5
Change in Value of Alternative Energy Partnership Investments .....	—	(6.4)	(5.0)	(12.5)
Total Preferred Property & Casualty Insurance Revenues .....	161.1	173.4	486.0	528.1
<b>Life &amp; Health Insurance:</b>				
Earned Premiums:				
Life .....	100.4	101.5	304.6	300.2
Accident & Health .....	45.9	47.0	136.8	142.3
Property .....	11.9	15.6	38.3	46.8
Total Earned Premiums .....	158.2	164.1	479.7	489.3
Net Investment Income .....	52.6	48.4	163.9	151.9
Change in Value of Alternative Energy Partnership Investments .....	0.1	(6.1)	(5.6)	(12.1)
Other Income .....	—	0.1	(0.8)	0.3
Total Life & Health Insurance Revenues .....	210.9	206.5	637.2	629.4
<b>Total Segment Revenues</b> .....	<b>1,408.0</b>	<b>1,435.1</b>	<b>4,285.2</b>	<b>4,169.2</b>
Income (Loss) from Change in Fair Value of Equity and Convertible Securities .....	(11.2)	(0.6)	(79.9)	92.4
Net Realized Investment Gains (Losses) .....	(12.1)	10.1	0.4	43.1
Impairment Losses .....	(8.3)	(0.6)	(22.1)	(7.8)
Other .....	1.2	0.6	16.5	2.2
<b>Total Revenues</b> .....	<b>\$ 1,377.6</b>	<b>\$ 1,444.6</b>	<b>\$ 4,200.1</b>	<b>\$ 4,299.1</b>

**KEMPER CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Dollars in Millions)  
(Unaudited)

	Sep 30, 2022	Dec 31, 2021
<b>Assets:</b>		
Investments:		
Fixed Maturities at Fair Value .....	\$ 6,577.1	\$ 7,986.9
Equity Securities at Fair Value .....	322.7	830.6
Equity Method Limited Liability Investments .....	226.0	241.9
Alternative Energy Partnership Investments .....	16.9	39.6
Short-term Investments at Cost which Approximates Fair Value .....	357.2	284.1
Company-Owned Life Insurance .....	578.6	448.1
Loans to Policyholders .....	283.2	286.2
Other Investments .....	274.2	270.0
<b>Total Investments .....</b>	<b>8,635.9</b>	<b>10,387.4</b>
Cash .....	249.2	148.2
Receivables from Policyholders .....	1,345.8	1,418.7
Other Receivables .....	228.7	207.3
Deferred Policy Acquisition Costs .....	634.7	677.6
Goodwill .....	1,298.8	1,312.0
Current Income Tax Assets .....	165.1	173.1
Deferred Income Tax Assets .....	182.0	—
Assets Held-for-Sale .....	172.8	—
Other Assets .....	544.8	592.2
<b>Total Assets .....</b>	<b>\$ 13,457.8</b>	<b>\$ 14,916.5</b>
<b>Liabilities and Shareholders' Equity:</b>		
Insurance Reserves:		
Life & Health .....	\$ 3,534.6	\$ 3,540.9
Property & Casualty .....	2,720.3	2,772.7
<b>Total Insurance Reserves .....</b>	<b>6,254.9</b>	<b>6,313.6</b>
Unearned Premiums .....	1,794.8	1,898.7
Policyholder Contract Liabilities .....	704.0	504.0
Deferred Income Tax Liabilities .....	—	227.0
Liabilities Held-for-Sale .....	84.8	—
Accrued Expenses and Other Liabilities .....	795.3	843.6
Long-term Debt, Current and Non-current, at Amortized Cost .....	1,386.4	1,121.9
<b>Total Liabilities .....</b>	<b>11,020.2</b>	<b>10,908.8</b>
<b>Shareholders' Equity:</b>		
Common Stock .....	6.4	6.4
Paid-in Capital .....	1,822.2	1,790.7
Retained Earnings .....	1,455.6	1,762.5
Accumulated Other Comprehensive Income .....	(846.6)	448.1
<b>Total Shareholders' Equity .....</b>	<b>2,437.6</b>	<b>4,007.7</b>
<b>Total Liabilities and Shareholders' Equity .....</b>	<b>\$ 13,457.8</b>	<b>\$ 14,916.5</b>

**Unaudited selected financial information for the Specialty Property & Casualty Insurance segment follows.**

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
<b>Results of Operations</b>				
Net Premiums Written	\$ 968.5	\$1,024.3	\$3,012.1	\$3,078.3
Earned Premiums	\$ 999.5	\$1,028.3	\$3,064.8	\$2,916.2
Net Investment Income	33.9	37.0	102.8	114.7
Change in Value of Alternative Energy Partnership Investments	0.3	(11.3)	(10.6)	(22.3)
Other Income	2.3	1.2	5.0	3.1
Total Revenues	1,036.0	1,055.2	3,162.0	3,011.7
Incurred Losses and LAE related to:				
Current Year:				
Non-catastrophe Losses and LAE	868.0	924.4	2,709.9	2,451.8
Catastrophe Losses and LAE	14.8	3.4	23.1	13.2
Prior Years:				
Non-catastrophe Losses and LAE	(6.6)	25.1	(24.8)	105.0
Catastrophe Losses and LAE	0.2	(0.1)	0.7	0.3
Total Incurred Losses and LAE	876.4	952.8	2,708.9	2,570.3
Insurance Expenses	198.8	194.2	603.5	570.1
Operating Income (Loss)	(39.2)	(91.8)	(150.4)	(128.7)
Income Tax Benefit (Expense)	10.5	32.5	38.1	57.8
Segment Net Operating Income (Loss)	\$ (28.7)	\$ (59.3)	\$ (112.3)	\$ (70.9)
<b>Ratios Based On Earned Premiums</b>				
Current Year Non-catastrophe Losses and LAE Ratio	86.9 %	90.0 %	88.4 %	84.0 %
Current Year Catastrophe Losses and LAE Ratio	1.5	0.3	0.8	0.5
Prior Years Non-catastrophe Losses and LAE Ratio	(0.7)	2.4	(0.8)	3.6
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—
Total Incurred Loss and LAE Ratio	87.7	92.7	88.4	88.1
Insurance Expense Ratio	19.9	18.9	19.7	19.5
Combined Ratio	107.6 %	111.6 %	108.1 %	107.6 %
<b>Underlying Combined Ratio<sup>1</sup></b>				
Current Year Non-catastrophe Losses and LAE Ratio	86.9 %	90.0 %	88.4 %	84.0 %
Insurance Expense Ratio	19.9	18.9	19.7	19.5
Underlying Combined Ratio <sup>1</sup>	106.8 %	108.9 %	108.1 %	103.5 %
<b>Non-GAAP Measure Reconciliation</b>				
Combined Ratio	107.6 %	111.6 %	108.1 %	107.6 %
Less:				
Current Year Catastrophe Losses and LAE Ratio	1.5	0.3	0.8	0.5
Prior Years Non-catastrophe Losses and LAE Ratio	(0.7)	2.4	(0.8)	3.6
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—
Underlying Combined Ratio <sup>1</sup>	106.8 %	108.9 %	108.1 %	103.5 %

**Unaudited selected financial information for the Preferred Property & Casualty Insurance segment follows.**

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
<b>Results of Operations</b>				
Net Premiums Written	\$ 133.3	\$ 164.8	\$ 412.0	\$ 488.8
Earned Premiums	\$ 149.3	\$ 163.7	\$ 454.8	\$ 489.1
Net Investment Income	11.8	16.1	36.2	51.5
Change in Value of Alternative Energy Partnership Investments	—	(6.4)	(5.0)	(12.5)
Total Revenues	161.1	173.4	486.0	528.1
Incurred Losses and LAE related to:				
Current Year:				
Non-catastrophe Losses and LAE	110.7	115.6	333.4	328.0
Catastrophe Losses and LAE	10.8	23.4	45.7	71.6
Prior Years:				
Non-catastrophe Losses and LAE	(0.3)	—	3.6	5.1
Catastrophe Losses and LAE	(0.7)	0.1	(4.7)	(3.6)
Total Incurred Losses and LAE	120.5	139.1	378.0	401.1
Insurance Expenses	43.9	51.7	142.4	154.8
Operating Income (Loss)	(3.3)	(17.4)	(34.4)	(27.8)
Income Tax Benefit (Expense)	1.2	11.0	9.4	22.7
Segment Net Operating Income (Loss)	\$ (2.1)	\$ (6.4)	\$ (25.0)	\$ (5.1)
<b>Ratios Based On Earned Premiums</b>				
Current Year Non-catastrophe Losses and LAE Ratio	74.2 %	70.6 %	73.3 %	67.1 %
Current Year Catastrophe Losses and LAE Ratio	7.2	14.3	10.0	14.6
Prior Years Non-catastrophe Losses and LAE Ratio	(0.2)	—	0.8	1.0
Prior Years Catastrophe Losses and LAE Ratio	(0.5)	0.1	(1.0)	(0.7)
Total Incurred Loss and LAE Ratio	80.7	85.0	83.1	82.0
Insurance Expense Ratio	29.4	31.6	31.3	31.6
Combined Ratio	110.1 %	116.6 %	114.4 %	113.6 %
<b>Underlying Combined Ratio<sup>1</sup></b>				
Current Year Non-catastrophe Losses and LAE Ratio	74.2 %	70.6 %	73.3 %	67.1 %
Insurance Expense Ratio	29.4	31.6	31.3	31.6
Underlying Combined Ratio <sup>1</sup>	103.6 %	102.2 %	104.6 %	98.7 %
<b>Non-GAAP Measure Reconciliation</b>				
Combined Ratio	110.1 %	116.6 %	114.4 %	113.6 %
Less:				
Current Year Catastrophe Losses and LAE Ratio	7.2	14.3	10.0	14.6
Prior Years Non-catastrophe Losses and LAE Ratio	(0.2)	—	0.8	1.0
Prior Years Catastrophe Losses and LAE Ratio	(0.5)	0.1	(1.0)	(0.7)
Underlying Combined Ratio <sup>1</sup>	103.6 %	102.2 %	104.6 %	98.7 %

**Unaudited selected financial information for the Life & Health Insurance segment follows.**

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
<b>Results of Operations</b>				
Earned Premiums .....	\$ 158.2	\$ 164.1	\$ 479.7	\$ 489.3
Net Investment Income .....	52.6	48.4	163.9	151.9
Change in Value of Alternative Energy Partnership Investments .....	0.1	(6.1)	(5.6)	(12.1)
Other Income (Loss) .....	—	0.1	(0.8)	0.3
Total Revenues .....	210.9	206.5	637.2	629.4
Policyholders' Benefits and Incurred Losses and LAE .....	105.6	119.5	339.2	353.5
Insurance Expenses .....	91.5	92.9	262.2	269.4
Operating Income (Loss) .....	13.8	(5.9)	35.8	6.5
Income Tax Benefit (Expense) .....	(1.2)	8.7	(2.4)	16.6
Segment Net Operating Income (Loss) .....	<u>\$ 12.6</u>	<u>\$ 2.8</u>	<u>\$ 33.4</u>	<u>\$ 23.1</u>

**Use of Non-GAAP Financial Measures**

Adjusted Consolidated Net Operating Income (Loss)<sup>1</sup> is an after-tax, non-GAAP financial measure and is computed by excluding from Net Income (Loss) the after-tax impact of:

- (i) Income (Loss) from Change in Fair Value of Equity and Convertible Securities;
- (ii) Net Realized Investment Gains (Losses);
- (iii) Impairment Losses;
- (iv) Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs;
- (v) Debt Extinguishment, Pension and Other Charges; and
- (vi) Significant non-recurring or infrequent items that may not be indicative of ongoing operations

Significant non-recurring items are excluded when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, and (b) there has been no similar charge or gain within the prior two years. The most directly comparable GAAP financial measure is Net Income (Loss). There were no applicable significant non-recurring items that Kemper excluded from the calculation of Adjusted Consolidated Net Operating Income (Loss)<sup>1</sup> for the three and nine months ended September 30, 2022 or 2021.

Kemper believes that Adjusted Consolidated Net Operating Income (Loss)<sup>1</sup> provides investors with a valuable measure of its ongoing performance because it reveals underlying operational performance trends that otherwise might be less apparent if the items were not excluded. Income (Loss) from Change in Fair Value of Equity and Convertible Securities, Net Realized Investment Gains (Losses) and Impairment Losses related to investments included in Kemper's results may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions that impact the values of the Kemper's investments, the timing of which is unrelated to the insurance underwriting process. Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs may vary significantly between periods and are generally driven by the timing of acquisitions and business decisions which are unrelated to the insurance underwriting process. Debt Extinguishment, Pension and Other Charges relate to (i) loss from early extinguishment of debt, which is driven by Kemper's financing and refinancing decisions and capital needs, as well as external economic developments such as debt market conditions, the timing of which is unrelated to the insurance underwriting process; (ii) settlement of pension plan obligations which are business decisions made by Kemper, the timing of which is unrelated to the underwriting process; and (iii) other charges that are non-standard, not part of the ordinary course of business, and unrelated to the insurance underwriting process. Significant non-recurring items are excluded because, by their nature, they are not indicative of the Kemper's business or economic trends. The preceding non-GAAP financial measures should not be considered a substitute for the

comparable GAAP financial measures, as they do not fully recognize the overall profitability of the Kemper's businesses.

A reconciliation of **Net Income (Loss)** to Adjusted Consolidated Net Operating Income (Loss)<sup>1</sup> for the three and nine months ended September 30, 2022 and 2021 is presented below.

(Dollars in Millions) (Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
<b>Net Income (Loss)</b> .....	\$ (76.2)	\$ (75.3)	\$ (245.7)	\$ (14.7)
Less Net Income (Loss) From:				
Change in Fair Value of Equity and Convertible Securities .....	(8.8)	(0.5)	(63.1)	73.0
Net Realized Investment Gains (Losses) .....	(9.6)	7.9	0.3	34.0
Impairment Losses .....	(6.6)	(0.5)	(17.5)	(6.2)
Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs .....	(20.7)	(6.4)	(32.2)	(27.5)
Debt Extinguishment, Pension and Other Charges .....	—	—	(2.9)	—
Adjusted Consolidated Net Operating Income (Loss) <sup>1</sup> .....	<u>\$ (30.5)</u>	<u>\$ (75.8)</u>	<u>\$ (130.3)</u>	<u>\$ (88.0)</u>

Diluted Adjusted Consolidated Net Operating Income (Loss) Per Unrestricted Share<sup>1</sup> is a non-GAAP financial measure computed by dividing Adjusted Consolidated Net Operating Income (Loss)<sup>1</sup> attributed to unrestricted shares by the weighted-average unrestricted shares and equivalent shares outstanding. The most directly comparable GAAP financial measure is Diluted Net Income (Loss) Per Unrestricted Share.

A reconciliation of Diluted Net Income (Loss) Per Unrestricted Share to Diluted Adjusted Consolidated Net Operating Income (Loss) Per Unrestricted Share<sup>1</sup> for the three and nine months ended September 30, 2022 and 2021 is presented below.

(Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
<b>Diluted Net Income (Loss) Per Unrestricted Share</b> .....	\$ (1.19)	\$ (1.18)	\$ (3.85)	\$ (0.23)
Less Net Income (Loss) Per Unrestricted Share From:				
Change in Fair Value of Equity and Convertible Securities .....	(0.14)	(0.01)	(0.99)	1.13
Net Realized Investment Gains (Losses) .....	(0.15)	0.13	—	0.53
Impairment Losses .....	(0.10)	(0.01)	(0.27)	(0.10)
Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs .....	(0.32)	(0.10)	(0.50)	(0.43)
Debt Extinguishment, Pension and Other Charges .....	—	—	(0.05)	—
Diluted Adjusted Consolidated Net Operating Income (Loss) Per Unrestricted Share <sup>1</sup> .....	<u>\$ (0.48)</u>	<u>\$ (1.19)</u>	<u>\$ (2.04)</u>	<u>\$ (1.36)</u>

Book Value Per Share Excluding Net Unrealized (Gains) Losses on Fixed Maturities<sup>1</sup> is a calculation that uses a non-GAAP financial measure. It is calculated by dividing shareholders' equity after excluding the after-tax impact of net unrealized (gains) losses on fixed income securities by total Common Shares Issued and Outstanding. Book Value Per Share is the most directly comparable GAAP financial measure. Kemper uses the trends in book value per share, excluding the after-tax impact of net unrealized (gains) losses on fixed income securities, in conjunction with book value per share to identify and analyze the change in net worth attributable to management efforts between periods. Kemper believes the non-GAAP financial measure is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily capital market conditions, the magnitude and timing of which are not influenced by management. Kemper believes it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers.

A reconciliation of the numerator used in the computation of Book Value Per Share Excluding Net Unrealized (Gains) Losses on Fixed Maturities<sup>1</sup> and Book Value Per Share at September 30, 2022 and December 31, 2021 is presented below.

(Dollars in Millions) (Unaudited)	Sep 30, 2022	Dec 31, 2021
Shareholders' Equity .....	\$ 2,437.6	\$ 4,007.7
Less: Net Unrealized Gains (Losses) on Fixed Maturities .....	(782.7)	502.6
Shareholders' Equity Excluding Net Unrealized (Gains) Losses on Fixed Maturities <sup>1</sup> .....	<u>\$ 3,220.3</u>	<u>\$ 3,505.1</u>

Underlying Combined Ratio<sup>1</sup> is a non-GAAP financial measure. It is computed by adding the Current Year Non-catastrophe Losses and LAE Ratio with the Insurance Expense Ratio. The most directly comparable GAAP financial measure is the Combined Ratio, which is computed by adding Total Incurred Losses and LAE Ratio, including the impact of catastrophe losses and loss and LAE reserve development from prior years, with the Insurance Expense Ratio.

Kemper believes Underlying Losses and LAE and the Underlying Combined Ratio are useful to investors and uses these financial measures to reveal the trends in Kemper's Property & Casualty Insurance segment that may be obscured by catastrophe losses and prior-year reserve development. These catastrophe losses may cause the Kemper's loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude and can have a significant impact on incurred losses and LAE and the Combined Ratio. Prior-year reserve developments are caused by unexpected loss development on historical reserves. Because reserve development relates to the re-estimation of losses from earlier periods, it has no bearing on the performance of the Kemper's insurance products in the current period. Kemper believes it is useful for investors to evaluate these components separately and in the aggregate when reviewing the Kemper's underwriting performance.

As Adjusted for Acquisitions<sup>1</sup> amounts are non-GAAP financial measures. Subsequent to the applicable acquisitions, the As Adjusted for Acquisitions<sup>1</sup> amounts are computed by subtracting the impact of purchase accounting adjustments from the comparable consolidated GAAP financial measure reported by Kemper. Kemper believes computing and presenting results on an adjusted basis are useful to investors and are used by management to provide meaningful and comparable year-over-year comparisons.

A reconciliation of the As Adjusted for Acquisitions<sup>1</sup> non-GAAP financial measures used in this press release to the comparable GAAP financial measure for the three months ended September 30, 2022 is presented below.

(Dollars in Millions, Except Per Share Amounts) (Unaudited)	Kemper Consolidated GAAP Financial Measure	Less Impact of Purchase Accounting Adjustments	As Adjusted for Acquisitions <sup>1</sup>
Net Income (Loss) .....	\$ (76.2)	\$ (3.5)	\$ (72.7)
Net Income (Loss) Per Share - Diluted .....	\$ (1.19)	\$ (0.05)	\$ (1.14)
<b>Specialty Property &amp; Casualty Insurance Segment:</b>			
Earned Premiums .....	\$ 999.5	\$ —	\$ 999.5
Segment Net Operating Income (Loss) .....	\$ (28.7)	\$ (3.5)	\$ (25.2)
<b>Specialty Personal Automobile Insurance:</b>			
Earned Premiums .....	\$ 858.8	\$ —	\$ 858.8
Segment Net Operating Income (Loss) .....	\$ (37.0)	\$ (3.1)	\$ (33.9)

A reconciliation of the As Adjusted for Acquisitions<sup>1</sup> non-GAAP financial measures used in this press release to the comparable GAAP financial measure for the three months ended September 30, 2021 is presented below.

(Dollars in Millions, Except Per Share Amounts) (Unaudited)	Kemper Consolidated GAAP Financial Measure	Less Impact of Purchase Accounting Adjustments	As Adjusted for Acquisitions <sup>1</sup>
Net Income (Loss) .....	\$ (75.3)	\$ (6.7)	\$ (68.6)
Net Income (Loss) Per Share - Diluted .....	\$ (1.18)	\$ (0.10)	\$ (1.08)
<b>Specialty Property &amp; Casualty Insurance Segment:</b>			
Earned Premiums .....	\$ 1,028.3	\$ —	\$ 1,028.3
Segment Net Operating Income (Loss) .....	\$ (59.3)	\$ (7.0)	\$ (52.3)
<b>Specialty Personal Automobile Insurance:</b>			
Earned Premiums .....	\$ 920.6	\$ —	\$ 920.6
Segment Net Operating Income (Loss) .....	\$ (71.8)	\$ (6.6)	\$ (65.2)

## Conference Call

Kemper will host its conference call to discuss third quarter 2022 results on Wednesday, November 2nd, at 5:00 p.m. Eastern (4:00 p.m. Central). The conference call will be accessible via the internet and by telephone at **844.200.6205, access code 855063**. To listen via webcast, register online at the investor section of kemper.com at least 15 minutes prior to the webcast to download and install any necessary software.

A replay of the call will be available online at the investor section of kemper.com.

More detailed financial information can be found in Kemper's Investor Financial Supplement and Earnings Call Presentation for the third quarter of 2022, which is available at the investor section of kemper.com.

## About Kemper

The Kemper family of companies is one of the nation's leading specialized insurers. With approximately \$13 billion in assets, Kemper is improving the world of insurance by providing affordable and easy-to-use personalized solutions to individuals, families and businesses through its Auto, Personal Insurance, Life and Health brands. Kemper serves over 6.0 million policies, is represented by approximately 33,500 agents and brokers, and has approximately 10,100 associates dedicated to meeting the ever-changing needs of its customers.

Learn more about Kemper at kemper.com.

## Caution Regarding Forward-Looking Statements

This press release may contain or incorporate by reference information that includes or is based on forward-looking statements within the meaning of the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Such statements involve known and unknown risks, uncertainties, and other factors, including but not limited to:

- changes in the frequency and severity of insurance claims;
- claim development and the process of estimating claim reserves;
- the impacts of inflation;
- supply chain disruption;
- product demand and pricing;
- effects of governmental and regulatory actions;
- litigation outcomes;
- investment risks;
- cybersecurity risks;
- impact of catastrophes; and
- other risks and uncertainties detailed in Kemper's Annual Report on Form 10-K and subsequent filings with the Securities and Exchange Commission ("SEC").

The COVID-19 outbreak and subsequent global pandemic ("Pandemic") is an extraordinary catastrophe that creates unique uncertainties and risks. Kemper cannot provide any assurances as to the impacts of the Pandemic and related economic conditions on Kemper's operating and financial results.

Kemper assumes no obligation to publicly correct or update any forward-looking statements as a result of events or developments subsequent to the date of this press release, including any such statements related to the Pandemic.

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