



## PRESS RELEASE

### TRISURA GROUP REPORTS THIRD QUARTER 2021 RESULTS

**TORONTO, Nov 4, 2021** — Trisura Group Ltd. (“Trisura” or “Trisura Group”) (TSX: TSU), a leading international specialty insurance provider, today announced financial results for the third quarter of 2021.

David Clare, President and CEO of Trisura, stated, “Our business performed very well in the quarter, recording earnings of \$16.1 million, an increase of 145.7% over last year. Continued growth and strong underwriting, supported by investment gains, generated a 20.4% return on equity, despite the early stage of several new initiatives.

Expansion of market share, maturation of our platform and new products drove premium growth of 68.9% over 2020. In Canada, focused and specialized underwriting resulted in a 79.3% combined ratio. Our US business bound a record \$260.5 million of gross premiums in the quarter, supporting \$7.0 million in net income and significant deferred fee income.

Our balance sheet remains well-funded to support future growth with a debt-to-capital ratio of 17.7%.”

#### Highlights

- ✓ EPS of \$0.38 in Q3 2021 compared to \$0.16 in Q3 2020. Q3 2021 Adjusted EPS of \$0.41 compared to \$0.15 in Q3 2020.
- ✓ Book value per share of \$8.49 increased by 26.3% from September 30, 2020, driven by significant earnings and unrealized gains in the investment portfolio.
- ✓ Gross and net written premiums grew by 68.9% and 62.1% in Q3 2021 supported by continued growth in Canada and strong momentum in US fronting.
- ✓ Quarterly net income of \$16.1 million grew 145.7% compared to prior year, a result of both growth and strong underwriting in Canada, increasing fee income from the US, and appropriate asset liability matching in our Reinsurance business.
- ✓ ROE of 20.4% compared to 11.7% in Q3 2020, exceeding our mid-teens target despite significant growth.
- ✓ GPW in Canada increased by 110.3% in Q3 2021. Strong underwriting performance across all lines contributed to a 79.3% combined ratio for the quarter and a 31.2% ROE.
- ✓ New fronting arrangements in Canada contributed \$46.4 million in the quarter and \$101.9 million YTD.

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- ✓ US premium and fee income grew by 52.3% and 66.9% respectively over Q3 2020, reaching \$260.5 million and \$10.5 million in the quarter. This contributed to improved net income of \$7.0 million and a 14.5% ROE despite an increase in the capital base.

Amounts in C\$ millions	Q3 2021	Q3 2020	Variance	Q3 2021 YTD	Q3 2020 YTD	Variance
Gross premiums written	404.7	239.6	68.9%	1,078.5	612.2	76.2%
Net income	16.1	6.5	145.7%	52.3	21.5	143.2%
EPS - diluted, \$	0.38	0.16	137.5%	1.24	0.55	125.5%
Adjusted EPS - diluted, \$	0.41	0.15	173.3%	1.16	0.60	93.3%
Book value per share, \$	8.49	6.72	26.3%	8.49	6.72	26.3%
Debt-to-Capital ratio	17.7%	9.5%	8.2pts	17.7%	9.5%	8.2pts
LTM ROE	20.4%	11.7%	8.7pts	20.4%	11.7%	8.7pts
Adjusted LTM ROE	18.9%	13.0%	5.9pts	18.9%	13.0%	5.9pts
Combined ratio - Canada	79.3%	91.5%	(12.2pts)	76.9%	84.6%	(7.7pts)
Fronting Operational Ratio - US	73.0%	75.0%	(2.0pts)	70.1%	71.8%	(1.7pts)

### COVID-19

- We have begun a gradual return to work in some jurisdictions based on local guidance, following increased safety measures and increased levels of vaccination.
- Despite resilience in the quarter, uncertainty regarding economic reopening and the potential for a weaker than anticipated economic recovery may threaten momentum.
- Premium generation and claims activity may be impacted depending on the length and depth of any future pandemic-related economic slowdown, as well as the effectiveness of government support programs and vaccines in driving a sustained re-opening. Depending on these factors, premium growth could slow and claims activity could increase.

### Insurance Operations

- Disciplined underwriting in Canada contributed to a loss ratio of 18.4% for the quarter. A lower expense ratio in the quarter also contributed to a combined ratio of 79.3%, in the context of 110.3% growth in premiums.
- GPW in the US of \$260.5 million in the quarter, compared to \$171.0 million in Q3 2020, and fee income of \$10.5 million in the quarter compared to \$6.3 million in Q3 2020. Growth was the result of maturing programs as well as new programs being added.
- Appropriate asset-liability matching in our Reinsurance business offset a loss from the sale of our structured insurance assets as we streamline our Reinsurance operations.



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### **Capital**

- The minimum capital test (“MCT”) ratio of our Canadian operations was 216% as at September 30, 2021 (249% as at December 31, 2020), which comfortably exceeded regulatory requirements of 150%.
- Capital in our US operations of \$162.7 million USD at September 30, 2021 (\$122.6 million USD at December 31, 2020) was in excess of the various Company Action Levels of the states in which Trisura Specialty is licensed.
- Consolidated debt-to-capital ratio of 17.7% as at September 30, 2021 is below our long-term target of 20.0%.

### **Investments**

- Investment income was \$2.7 million in Q3 2021, driven by interest and dividend income and partially offset by the sale of the structured insurance assets.
- Interest and dividend income rose 19.6% versus the prior year. The Canadian and US portfolios benefited from improved diversification and increased capital following strong operational performance.

### **Corporate Development**

- Trisura continues to grow its admitted licenses, with 48 state admitted licenses today and the intention of securing admitted licenses in all 50 states.



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### **Financial Statement Presentation – Update**

- In Q4 2020 we adjusted the presentation of our consolidated income statement to reflect a more representative view of our business, removing net underwriting income, which in the context of a business with life reserves on the Balance sheet, diluted the utility of the measure.
- Adjusted EPS and Adjusted ROE were also introduced in Q4 2020, to adjust for non-recurring items and better reflect earnings for our core operations, providing a more representative depiction of the run-rate operations of the business.

### **Earnings Conference Call**

Trisura will host its Third Quarter Earnings Conference Call to review financial results at 9:00 a.m. ET on Friday November 5<sup>th</sup>, 2021.

To listen to the call via live audio webcast, please follow the link below:

<https://edge.media-server.com/mmc/p/kexmtwwd>

A replay of the call will be available through the link above.



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### **About Trisura Group**

Trisura Group Ltd. is an international specialty insurance provider operating in the surety, risk solutions, corporate insurance, fronting and reinsurance segments of the market. Trisura has three principal regulated subsidiaries: Trisura Guarantee Insurance Company in Canada, Trisura Specialty Insurance Company in the US and Trisura International Insurance Ltd. in Barbados. Trisura Group Ltd. is listed on the Toronto Stock Exchange under the symbol "TSU".

Further information is available at <http://www.trisura.com/group>. Important information may be disseminated exclusively via the website; investors should consult the site to access this information. Details regarding the operations of Trisura Group Ltd. are also set forth in regulatory filings. A copy of the filings may be obtained on Trisura Group's SEDAR profile at [www.sedar.com](http://www.sedar.com).

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## PRESS RELEASE

**Trisura Group Ltd.**  
**Condensed Interim Consolidated Statements of Financial Position (unaudited)**  
**As at September 30, 2021 and December 31, 2020**  
(in thousands of Canadian dollars, except as otherwise noted)

As at	September 30, 2021	December 31, 2020
Cash and cash equivalents	245,332	136,519
Investments	618,670	503,684
Premiums and accounts receivable, and other assets	286,956	178,883
Recoverable from reinsurers	1,128,618	676,972
Deferred acquisition costs	271,815	188,190
Capital assets and intangible assets	17,577	13,907
Deferred tax assets	6,645	8,577
<b>Total assets</b>	<b>2,575,613</b>	<b>1,706,732</b>
Accounts payable, accrued and other liabilities	70,206	57,343
Reinsurance premiums payable	308,667	151,707
Unearned premiums	849,311	592,711
Unearned reinsurance commissions	133,647	100,281
Unpaid claims and loss adjustment expenses	789,034	487,271
Debt outstanding	75,000	27,555
<b>Total liabilities</b>	<b>2,225,865</b>	<b>1,416,868</b>
<b>Shareholders' equity</b>	<b>349,748</b>	<b>289,864</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,575,613</b>	<b>1,706,732</b>



## PRESS RELEASE

**Trisura Group Ltd.**  
**Condensed Interim Consolidated Statements of Comprehensive Income (unaudited)**  
**For the three and nine months ended September 30**  
(in thousands of Canadian dollars, except as otherwise noted)

	Q3 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
<b>Gross premiums written</b>	404,678	239,607	1,078,466	612,242
Net premiums written	104,631	64,543	282,196	152,924
<b>Net premiums earned</b>	75,489	42,250	195,141	109,593
Fee income	11,358	6,652	37,254	20,060
Net investment income	2,712	7,015	175	21,857
Net gains	2,123	4,178	10,758	5,628
<b>Total revenues</b>	91,682	60,095	243,328	157,138
Net claims and loss adjustment expenses	(20,010)	(19,319)	(45,507)	(49,466)
Net commissions	(29,527)	(15,060)	(74,416)	(38,431)
Operating expenses	(19,001)	(16,685)	(55,752)	(43,523)
Interest expenses	(592)	(224)	(1,060)	(891)
<b>Total claims and expenses</b>	(69,130)	(51,288)	(176,735)	(132,311)
<b>Income before income taxes</b>	22,552	8,807	66,593	24,827
Income tax expense	(6,495)	(2,272)	(14,329)	(3,334)
<b>Net income</b>	16,057	6,535	52,264	21,493
Other comprehensive (loss)	2,473	(162)	7,070	(2,704)
<b>Comprehensive income</b>	18,530	6,373	59,334	18,789



## PRESS RELEASE

**Trisura Group Ltd.**  
**Condensed Interim Consolidated Statements of Cash Flows (unaudited)**  
**For the three and nine months ended September 30**  
(in thousands of Canadian dollars, except as otherwise noted)

	Q3 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
<b>Net income from operating activities</b>	16,057	6,535	52,264	21,493
Non-cash items	5,878	(1,365)	15,065	6,006
Stock options granted	350	160	955	540
Change in working capital	58,122	43,508	130,225	57,454
Realized gains on investments	(354)	(4,245)	(1,835)	(21,443)
Income taxes paid	(3,981)	(4,661)	(11,168)	(7,948)
Interest paid	(99)	(226)	(456)	(921)
<b>Net cash from operating activities</b>	<b>75,973</b>	<b>39,706</b>	<b>185,050</b>	<b>55,181</b>
Proceeds on disposal of investments	48,066	60,787	108,346	201,051
Purchases of investments	(53,682)	(72,855)	(228,359)	(281,781)
Net purchases of capital and intangible assets	(454)	(117)	(2,979)	(623)
<b>Net cash used in investing activities</b>	<b>(6,070)</b>	<b>(12,185)</b>	<b>(122,992)</b>	<b>(81,353)</b>
Shares issued	-	-	859	65,143
Shares purchased under RSU plan	(125)	-	(2,055)	-
Issuance of note payable	-	-	75,000	-
Loans received	-	-	26,970	32,700
Loans repaid	-	-	(54,525)	(32,700)
Lease payments	(466)	(319)	(1,154)	(1,197)
<b>Net cash (used in) from financing activities</b>	<b>(591)</b>	<b>(319)</b>	<b>45,095</b>	<b>63,946</b>
<b>Net increase in cash</b>	<b>69,312</b>	<b>27,202</b>	<b>107,153</b>	<b>37,774</b>
Cash at beginning of the period	172,817	99,165	136,519	85,905
Currency translation	3,203	(1,492)	1,660	1,196
<b>Cash at the end of the period</b>	<b>245,332</b>	<b>124,875</b>	<b>245,332</b>	<b>124,875</b>

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### **Cautionary Statement Regarding Forward-Looking Statements and Information**

*Note: This news release contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as “expects,” “likely,” “anticipates,” “plans,” “believes,” “estimates,” “seeks,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may,” “will,” “should,” “would” and “could”.*

*Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of our Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.*

*Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: developments related to COVID-19, including the impact of COVID-19 on the economy and global financial markets; the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; the behaviour of financial markets, including fluctuations in interest and foreign exchange rates; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the ability to appropriately manage human capital; the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which we operate; governmental investigations; litigation; changes in tax laws; changes in capital requirements; changes in reinsurance arrangements; ability to collect amounts owed; catastrophic events, such as earthquakes, hurricanes or pandemics; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; and other risks and factors detailed from time to time in our documents filed with securities regulators in Canada.*

*We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.*