



PRESS RELEASE

TRISURA GROUP REPORTS SECOND QUARTER 2023 RESULTS

TORONTO, August 10, 2023 — Trisura Group Ltd. (“Trisura” or “Trisura Group”) (TSX: TSU), a leading specialty insurance provider, today announced financial results for the second quarter of 2023.

David Clare, President and CEO of Trisura, stated, “Trisura reported strong performance in the quarter with operating net income of \$26.0 million, or \$0.56 per share, achieved through measured growth, underwriting profitability and enhanced investment income. Quarterly net income of \$26.8 million, or \$0.57 per share, was positively impacted by the run-off of a US program, partially offset by unrealized losses on the investment portfolio.

Maturation of our business and continued expansion with distribution partners drove increased market share and resulted in insurance revenue growth of 43.0%. In Canada, disciplined underwriting yielded a combined ratio of 82.9%. US Fronting demonstrated strong fundamentals, with improvements in fronting operational ratio and sustained growth.

Net investment income grew 134.4% in the quarter, reaching \$11.9 million through higher risk-adjusted yields and increased size of the investment portfolio.

Our business remains well-capitalized, supported by surplus capital, a \$50 million revolving credit facility, a 12.4% debt to capital ratio and a conservatively positioned investment portfolio.”

Financial Highlights

- ✓ Insurance revenue growth of 43.0% in Q2 2023 reflected sustained momentum across North America.
- ✓ Net income of \$26.8 million in the quarter grew compared to prior period as a result of growth in the business. Operating net income⁽¹⁾ of \$26.0 million in the quarter grew 36.5% compared to prior period, driven by profitable growth in Canada and growth in core operations⁽²⁾ in the US, as well as growth in Net investment income.
- ✓ EPS of \$0.57 in Q2 2023 compared to \$0.50 in Q2 2022. Operating EPS⁽³⁾ of \$0.56 for the quarter compared to \$0.45 in the prior year.
- ✓ Book value per share⁽⁴⁾ of \$11.53 increased 30.0% from June 30, 2022, driven by our July 2022 equity raise, strong Canadian earnings and foreign currency movements, but diluted by the write down on reinsurance recoverables and unrealized losses on investments.
- ✓ ROE⁽⁴⁾ of 4.9% compared to 19.2% in Q2 2022, below our mid-teens target as a result of the write down on reinsurance recoverables and losses associated with the run-off program. Operating ROE⁽⁵⁾ of 19.2% exceeded our target, demonstrating the strength of our core operations despite significant growth and a larger capital base.



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Amounts in C\$ millions	Q2 2023	Q2 2022	Variance	Q2 2023 YTD	Q2 2022 YTD	Variance
Insurance revenue	664.4	464.6	43.0%	1,303.5	868.3	50.1%
Net income	26.8	20.9	28.0%	40.8	44.3	(7.9%)
Operating net income ⁽¹⁾	26.0	19.1	36.5%	52.6	38.6	36.2%
EPS – diluted, \$	0.57	0.50	14.0%	0.87	1.05	(17.1%)
Operating EPS – diluted, \$ ⁽³⁾	0.56	0.45	24.4%	1.13	0.92	22.8%
Book value per share, \$ ⁽⁴⁾	11.53	8.87	30.0%	11.53	8.87	30.0%
Debt-to-Capital ratio ⁽⁴⁾⁽¹¹⁾	12.4%	22.7%	(10.3pts)	12.4%	22.7%	(10.3pts)
ROE ⁽⁴⁾	4.9%	19.2%	(14.3pts)	4.9%	19.2%	(14.3pts)
Operating ROE ⁽⁵⁾	19.2%	19.6%	(0.4pts)	19.2%	19.6%	(0.4pts)
Combined ratio – Canada	82.9%	79.9%	3.0pts	81.8%	78.6%	3.2pts
Fronting operational ratio – US ⁽⁴⁾	78.6%	81.2%	(2.6pts)	94.0%	76.6%	17.4pts
Fronting operational ratio excluding run-off – US ⁽⁶⁾	79.9%	81.2%	(1.3pts)	83.0%	76.6%	6.4pts

Insurance Operations

- Insurance revenue in Canada increased by 31.5% in the quarter compared to Q2 2022, reflecting increased market share, expansion of distribution relationships, new fronting arrangements and the benefit of stable market pricing conditions in certain lines of business. Strong underwriting performance across all lines contributed to a combined ratio of 82.9%, an ROE of 26.7% and Operating ROE of 28.4% in Q2 2023.
- Insurance revenue in the US of \$467.9 million in the quarter increased by 48.5%, compared to Q2 2022, reflecting favourable market conditions and maturation of existing programs. Fee income⁽⁷⁾ of \$18.9 million in the quarter increased by 22.3% compared to \$15.5 million in Q2 2022. This contributed to Net income of \$16.0 million and improved Operating net income of \$11.1 million in the quarter, supporting a 14.3% Operating ROE.

Capital

- The Minimum Capital Test ratio⁽⁸⁾ of our regulated Canadian subsidiary was 224% as at June 30, 2023 (233% as at December 31, 2022), which comfortably exceeded regulatory requirements⁽⁹⁾ of 150%.
- As at December 31, 2022, the Risk-Based Capital of the regulated insurance companies of Trisura US were in excess of the various company action levels of the states in which they are licensed.
- Consolidated debt-to-capital ratio of 12.4% as at June 30, 2023 is below our long-term target of 20.0%.
- Surplus capital and a \$50 million revolving credit facility. In July 2023, \$10 million USD was utilized from the revolving credit facility for purposes of issuing a letter of credit, in relation to our US Surety operations.



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Investments

- Interest and dividend income rose 134.4% in the quarter compared to Q2 2022. The portfolio benefited from higher risk-adjusted yields and increased capital generated from strong operational performance and the July 2022 equity raise.

Corporate Development

- On August 9th, Trisura executed a purchase and sale agreement to acquire a US surety company. The company is a Treasury-listed platform that will enhance the offering of our US Surety practice as well as expand our distribution relationships. Regulatory approval is pending.

Earnings Conference Call

Trisura will host its Second Quarter Earnings Conference Call to review financial results at 9:00 a.m. ET on Friday, August 11th, 2023.

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

<https://edge.media-server.com/mmc/p/4awigj54>

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

About Trisura Group

Trisura Group Ltd. is a specialty insurance provider operating in the Surety, Risk Solutions, Corporate Insurance, and Fronting business lines of the market. Trisura has investments in wholly owned subsidiaries through which it conducts insurance and reinsurance operations. Those operations are primarily in Canada ("Trisura Canada") and the United States ("Trisura US"). Trisura Group Ltd. is listed on the Toronto Stock Exchange under the symbol "TSU".

Further information is available at <http://www.trisura.com>. 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.

For more information, please contact:

Name: Bryan Sinclair

Tel: 416 607 2135

Email: bryan.sinclair@trisura.com



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Trisura Group Ltd.
Condensed Interim Consolidated Statements of Financial Position
As at June 30, 2023 and December 31, 2022
(in thousands of Canadian dollars, except as otherwise noted)

As at	June 30, 2023	December 31, 2022
Cash and cash equivalents	340,825	406,368
Investments	828,890	765,375
Other Assets	40,310	61,852
Reinsurance contract assets	1,873,282	1,527,799
Capital assets and intangible assets	17,649	19,529
Deferred tax assets	19,234	17,942
Total assets	3,120,190	2,798,865
Insurance contract liabilities	2,432,392	2,165,103
Other liabilities	83,118	65,111
Loan payable	75,000	75,000
Total liabilities	2,590,510	2,305,214
Shareholders' equity	529,680	493,651
Total liabilities and shareholders' equity	3,120,190	2,798,865



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

	Q2 2023	Q2 2022	Q2 2023 YTD	Q2 2022 YTD
Insurance revenue	664,420	464,643	1,303,520	868,312
Insurance service expenses	(567,217)	(407,172)	(1,067,660)	(720,622)
Net expense from reinsurance contracts assets	(57,491)	(30,019)	(179,433)	(93,332)
Insurance service result	39,712	27,452	56,427	54,358
Net investment income	11,899	5,077	21,970	9,100
Net (losses) gains	(6,867)	1,441	(9,082)	967
Net credit impairment losses	376	-	227	-
Total investment income	5,408	6,518	13,115	10,067
Finance (expenses) income from insurance contracts	(10)	3,782	(36,638)	12,604
Finance (expenses) income from reinsurance contracts	(277)	(2,603)	31,625	(10,668)
Net insurance finance (expenses) income	(287)	1,179	(5,013)	1,936
Net financial result	5,121	7,697	8,102	12,003
Net Insurance and financial result	44,833	35,149	64,529	66,361
Other income	902	855	6,080	5,197
Other operating expenses	(10,075)	(6,997)	(15,507)	(11,332)
Other finance costs	(601)	(642)	(1,201)	(1,233)
Income before income taxes	35,059	28,365	53,901	58,993
Income tax expense	(8,252)	(7,422)	(13,118)	(14,712)
Net income	26,807	20,943	40,783	44,281
Operating net income	26,032	19,071	52,602	38,614
Other comprehensive loss	(9,871)	(22,403)	(3,950)	(43,457)
Comprehensive income (loss)	16,936	(1,460)	36,833	824



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

	Q2 2023	Q2 2022	Q2 2023 YTD	Q2 2022 YTD
Net income	26,807	20,943	40,783	44,281
Non-cash items	3,001	171	8,233	6,267
Change in working capital	(35,293)	50,565	(36,339)	51,574
Realized losses (gains)	196	(2,301)	441	(5,354)
Income taxes paid	(3,836)	(9,890)	(7,673)	(21,524)
Interest paid	(1,112)	(997)	(1,239)	(1,496)
Net cash (used in) from operating activities	(10,237)	58,491	4,206	73,748
Proceeds on disposal of investments	21,378	44,267	52,979	97,856
Purchases of investments	(45,781)	(75,684)	(125,768)	(176,667)
Net purchases of capital and intangible assets	(230)	(117)	(407)	(407)
Net cash used in investing activities	(24,633)	(31,534)	(73,196)	(79,218)
Shares issued	-	1,115	711	1,666
Shares purchased under Restricted Share Units plan	(801)	-	(1,670)	(2,106)
Issuance of note payable	-	30,000	-	30,000
Lease payments	(510)	(445)	(1,022)	(947)
Net cash (used in) from financing activities	(1,311)	30,670	(1,981)	28,613
Net decrease in cash and cash equivalents, and short-term securities during the period	(36,181)	57,627	(70,971)	23,143
Cash and cash equivalents, beginning of period	368,210	304,464	406,367	341,319
Currency translation	8,796	5,875	5,429	3,504
Cash and cash equivalents, and short-term securities, end of period	340,825	367,966	340,825	367,966



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Non-IFRS Financial Measures

Table 1 – Reconciliation of reported Net income to Operating net income⁽⁴⁾: reflect Net income, adjusted for certain items to normalize earnings to core operations in order to reflect our North American specialty operations.

	Q2 2023	Q2 2022	2023	2022
Net income	26,807	20,943	40,783	44,281
Adjustments:				
Run-off Program	(6,629)	-	8,062	-
Impact of share based compensation	1,815	194	(1,555)	(2,948)
Impact of movement in yield curve within Finance income from insurance and reinsurance contracts	(2,314)	(1,316)	(144)	(3,565)
Net losses (gains)	6,867	(1,441)	9,082	(967)
Net credit impairment losses	(376)	-	(227)	-
Net losses from life annuity	-	-	-	77
Tax impact of above items	(138)	691	(3,399)	1,736
Operating net income	26,032	19,071	52,602	38,614

Table 2 – ROE⁽⁴⁾ and Operating ROE⁽⁵⁾: a measure of the Company's use of equity.

	Q2 2023	Q2 2022
LTM net income	24,297	67,597
LTM average equity	497,777	352,242
ROE	4.9%	19.2%
Operating LTM net income ⁽⁵⁾	95,629	68,866
LTM average equity	497,777	352,242
Operating LTM ROE	19.2%	19.6%

Table 3 – Reconciliation of Average equity⁽¹⁰⁾ to LTM average equity: LTM average equity is used in calculating Operating ROE.

	Q2 2023	Q2 2022
Average equity	448,341	343,653
Adjustments: days in quarter proration	49,436	8,589
LTM average equity	497,777	352,242



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Footnotes

(1) See section on Non-IFRS financial measures table 10.2.1 in Q2 2023 MD&A for details on composition. Operating net income is a non-IFRS financial measure. Non-IFRS financial measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Company to which the measure relates and might not be comparable to similar financial measures disclosed by other companies. Details and an explanation of how it provides useful information to an investor can be found in table 1.

(2) See Section 10, Operating Metrics in Q2 2023 MD&A for the definition of Operating Net Income, for further explanation of “core operations”.

(3) This is a non-IFRS ratio, see table 10.2 in Q2 2023 MD&A for details on composition, as well as each non-IFRS financial measure used as a component of ratio, and an explanation of how it provides useful information to an investor. Non-IFRS ratios are not standardized under the financial reporting framework used to prepare the financial statements of the Company to which the ratio relates and might not be comparable to similar ratios disclosed by other companies. To access MD&A, see Trisura’s website or SEDAR at www.sedar.com.

(4) This is a supplementary financial measure. Refer to Q2 2023 MD&A, Section 10, Operating Metrics table for its composition.

(5) This is a non-IFRS ratio. See table 10.4 in Q2 2023 MD&A for details on composition, as well as each non-IFRS financial measure used as a component of ratio, and an explanation of how it provides useful information to an investor.

(6) This is a non-IFRS financial measure. Adjusted figures exclude the impacts from write down of reinsurance recoverables, and the run-off program.

(7) This is a non-IFRS financial measure. See table 10.5.5 in Q2 2023 MDA for details on composition.

(8) This measure is calculated in accordance with the Office of the Superintendent of Financial Institutions Canada’s (OSFI’s) Guideline A, Minimum Capital Test.

(9) This target is in accordance with OSFI’s Guideline A-4, Regulatory Capital and Internal Capital Targets.

(10) Average equity is calculated as the sum of opening equity and closing equity over the last twelve months, divided by two.

(11) The Q2 2022 and Q2 2022 YTD metric has not been restated to reflect the adoption of IFRS 9 and IFRS 17.



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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 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: 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; insurance risks including pricing risk, concentration risk and exposure to large losses, and risks associated with estimates of loss reserves; 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 and availability and cost of reinsurance; ability to collect amounts owed; catastrophic events, such as earthquakes, hurricanes or pandemics; developments related to COVID-19, including the impact of COVID-19 on the economy and global financial markets; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; risks associated with reliance on distribution partners, capacity providers and program administrators; third party risks; risk that models used to manage the business do not function as expected; climate change risk; risk of economic downturn; risk of inflation 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.



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Cautionary Non-IFRS and Other Financial Measures

Reported results conform to generally accepted accounting principles (GAAP), in accordance with IFRS. In addition to reported results, the Company also presents certain financial measures, including non-IFRS financial measures that are historical, non-IFRS ratios, and supplementary financial measures, to assess results. Non-IFRS financial measures, such as operating net income, are utilized to assess the Company's overall performance. To arrive at operating results, the Company adjusts for certain items to normalize earnings to core operations, in order to reflect our North American specialty operations. Non-IFRS ratios include a non-IFRS financial measure as one or more of its components. Examples of non-IFRS ratios include operating diluted earnings per share and operating ROE. The Company believes that non-IFRS financial measures and non-IFRS ratios provide the reader with an enhanced understanding of our results and related trends and increase transparency and clarity into the core results of the business. Non-IFRS financial measures and non-IFRS ratios are not standardized terms under IFRS and, therefore, may not be comparable to similar terms used by other companies. Supplementary financial measures depict the Company's financial performance and position, and are explained in this document where they first appear, and incorporates information by reference to the Company's current MD&A, for the three and six months ended June 30, 2023. To access MD&A, see Trisura's website or SEDAR at www.sedar.com. These measures are pursuant to National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure.