



PRESS RELEASE

TRISURA GROUP REPORTS THIRD QUARTER 2022 RESULTS

TORONTO, November 3, 2022 — Trisura Group Ltd. (“Trisura” or “Trisura Group”) (TSX: TSU), a leading specialty insurance provider, today announced financial results for the third quarter of 2022.

David Clare, President and CEO of Trisura, stated, “Trisura extended its track record of performance, reporting income of \$23.7 million, a new quarterly record. Growth in premium and profitable underwriting supported by increased investment income generated a 19.9% return on equity⁽¹⁾ despite investments in infrastructure.

Expansion of market share and maturation of our platform resulted in premium growth of 59.3% in the quarter. In Canada, disciplined underwriting and greater scale generated an 83.1% combined ratio⁽¹⁾. Our US business bound a quarterly record \$465.6 million of gross premiums and reported deferred fee income of \$40.7 million.

In July we raised \$144.0 million in equity capital, the proceeds of which are to support growth across the platform. We also closed the acquisition of a book of surety business in Canada, adding to our momentum in the years to come.”

Financial Highlights

- ✓ EPS of \$0.51 in Q3 2022 compared to \$0.38 in Q3 2021. Adjusted EPS⁽²⁾ of \$0.45 for the quarter compared to \$0.41 in the prior period.
- ✓ Book value per share⁽¹⁾ of \$11.47 increased 35.1% from September 30, 2021, driven by our recent equity raise, strong earnings, and foreign currency movements, but diluted by unrealized losses on investments in the quarter.
- ✓ Gross written premiums growth of 59.3% in Q3 2022 reflected sustained growth in Canada and expansion in US fronting.
- ✓ Net income of \$23.7 million in the quarter grew 47.9% compared to Q3 2021, driven by growth and profitable underwriting in Canada and the US.
- ✓ ROE of 19.9% compared to 20.4% in Q3 2021, exceeding our mid-teens target despite significant growth and a larger capital base.
- ✓ Consolidated combined ratio is 81.6%, and consolidated loss ratio⁽¹⁾ is 29.9% for Q3 2022.



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Amounts in C\$ millions	Q3 2022	Q3 2021	Variance	Q3 2022 YTD	Q3 2021 YTD	Variance
Gross premiums written	644.8	404.7	59.3%	1,768.4	1,078.5	64.0%
Net income	23.7	16.1	47.9%	65.0	52.3	24.4%
EPS – diluted, \$	0.51	0.38	34.2%	1.50	1.24	21.0%
Adjusted EPS – diluted, \$	0.45	0.41	9.8%	1.37	1.16	18.1%
Book value per share, \$	11.47	8.49	35.1%	11.47	8.49	35.1%
Debt-to-Capital ratio ⁽¹⁾	12.5%	17.7%	(5.2pts)	12.5%	17.7%	(5.2pts)
LTM ROE	19.9%	20.4%	(0.5pts)	19.9%	20.4%	(0.5pts)
Adjusted LTM ROE ⁽³⁾	19.2%	18.9%	0.3pts	19.2%	18.9%	0.3pts
Combined ratio – Canada	83.1%	79.3%	3.8pts	81.2%	76.9%	4.3pts
Fronting operational ratio – US ⁽¹⁾	83.4%	73.0%	10.4pts	80.5%	70.1%	10.4pts

Insurance Operations

- GPW in Canada increased by 24.3% in Q3 2022. Strong underwriting performance across all lines contributed to a combined ratio of 83.1% and an ROE of 30.6%.
- Fronting arrangements in Canada contributed \$72.5 million premiums in the quarter.
- GPW in the US of \$465.6 million in the quarter, increased by 78.7%, compared to \$260.5 million in Q3 2021, and fee income of \$18.2 million in the quarter increased by 72.6% compared to \$10.5 million in Q3 2021. Growth was the result of maturing and new programs and contributed to improved net income of \$8.6 million in the quarter and a 13.6% ROE.

Capital

- The Minimum Capital Test ratio⁽⁴⁾ of our regulated Canadian subsidiary was 232% as at September 30, 2022 (229% as at December 31, 2021), which comfortably exceeded regulatory requirements⁽⁵⁾ of 150%.
- The Risk-Based Capital of the regulated insurance companies of Trisura US was in excess of the various Company Action Levels of the states in which it is licensed at September 30, 2022.
- Consolidated debt-to-capital ratio of 12.5% as at September 30, 2022 is below our long-term target of 20.0%.

Investments

- Interest and dividend income rose 53.7% in the quarter compared to Q3 2021. The portfolio benefited from higher yields and increased capital generated from strong operational performance and the equity raise.



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Corporate Development

- In July 2022, the Company raised \$144.0 million in equity capital to support growth across the platform.
- In September 2022, Trisura announced the acquisition of Sovereign Insurance's surety business in Canada.

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 4th, 2022.

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

<https://edge.media-server.com/mmc/p/oma9f9sv>

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



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About Trisura Group

Trisura Group Ltd. is a specialty insurance provider operating in the surety, risk solutions, corporate insurance, fronting and reinsurance segments 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/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.

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Trisura Group Ltd.
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2022 and December 31, 2021
(in thousands of Canadian dollars, except as otherwise noted)

As at	September 30, 2022	December 31, 2021
Cash and cash equivalents	384,553	341,319
Investments	740,548	641,140
Premiums and accounts receivable, and other assets	437,804	311,629
Recoverable from reinsurers	2,150,255	1,375,354
Deferred acquisition costs	412,805	304,580
Capital assets and intangible assets	20,280	17,109
Deferred tax assets	19,254	9,223
Total assets	4,165,499	3,000,354
Accounts payable, accrued and other liabilities	100,121	216,633
Reinsurance premiums payable	472,482	335,673
Unearned premiums	1,376,791	965,245
Unearned reinsurance commissions	245,763	152,003
Unpaid claims and loss adjustment expenses	1,369,026	897,011
Debt outstanding	75,000	75,000
Total liabilities	3,639,183	2,641,565
Shareholders' equity	526,316	358,789
Total liabilities and shareholders' equity	4,165,499	3,000,354



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

	Q3 2022	Q3 2021	Q3 2022 YTD	Q3 2021 YTD
Gross premiums written	644,820	404,678	1,768,415	1,078,466
Net premiums written	106,414	104,631	360,517	282,196
Net premiums earned	111,996	75,489	303,016	195,141
Fee income	18,855	11,358	53,393	37,254
Net investment income	6,583	2,712	15,683	175
Net gains	3,723	2,123	4,690	10,758
Total revenues	141,157	91,682	376,782	243,328
Net claims and loss adjustment expenses	(33,457)	(20,010)	(86,117)	(45,507)
Net commissions	(48,510)	(29,527)	(129,929)	(74,416)
Operating expenses	(28,263)	(19,001)	(73,499)	(55,752)
Interest expenses	(823)	(592)	(2,056)	(1,060)
Total claims and expenses	(111,053)	(69,130)	(291,601)	(176,735)
Income before income taxes	30,104	22,552	85,181	66,593
Income tax expense	(6,358)	(6,495)	(20,190)	(14,329)
Net income	23,746	16,057	64,991	52,264
Other comprehensive (loss) income	(218)	2,473	(43,653)	7,070
Comprehensive income	23,528	18,530	21,338	59,334



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

	Q3 2022	Q3 2021	Q3 2022 YTD	Q3 2021 YTD
Net income	23,746	16,057	64,991	52,264
Non-cash items	(4,401)	6,228	2,937	16,020
Change in working capital	16,735	58,122	70,405	130,225
Realized gains	(1,494)	(354)	(6,979)	(1,835)
Income taxes paid	(7,305)	(3,981)	(28,829)	(11,168)
Interest paid	(110)	(99)	(1,606)	(456)
Net cash from operating activities	27,171	75,973	100,919	185,050
Proceeds on disposal of investments	22,228	48,066	120,083	108,346
Purchases of investments	(156,651)	(53,682)	(333,318)	(228,359)
Net purchases of capital and intangible assets	(1,328)	(454)	(1,734)	(2,979)
Net cash used in investing activities	(135,751)	(6,070)	(214,969)	(122,992)
Shares issued	143,494	-	145,160	859
Shares purchased under Restricted Share Units plan	(61)	(125)	(2,167)	(2,055)
Issuance of note payable	-	-	-	75,000
Loans received	-	-	30,000	26,970
Loans repaid	(30,000)	-	(30,000)	(54,525)
Lease payments	(477)	(466)	(1,424)	(1,154)
Net cash from (used in) financing activities	112,956	(591)	141,569	45,095
Net increase in cash and cash equivalents	4,376	69,312	27,519	107,153
Cash and cash equivalents, beginning of period	367,966	172,817	341,319	136,519
Currency translation	12,211	3,203	15,715	1,660
Cash and cash equivalents, end of period	384,553	245,332	384,553	245,332



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Non-IFRS Financial Measures

Table 1 – Reconciliation of reported Net income to Adjusted net income⁽⁶⁾: reflect Net income, adjusted for certain items to normalize earnings to core operations in order to better reflect our North American specialty operations.

	Q3 2022	Q3 2021	Q3 2022 YTD	Q3 2021 YTD
Net income	23,746	16,057	64,991	52,264
Adjustments:				
Impact of share based compensation	441	1,117	(2,507)	8,282
Loss on sale of structured insurance assets	-	1,336	-	1,336
Net gains	(3,723)	(2,123)	(4,690)	(10,758)
Net gains from life annuity	-	(633)	-	(2,032)
Tax impact of above items	470	1,272	1,484	524
Adjustments relating to income tax benefits	-	285	-	(936)
Adjusted net income	20,934	17,311	59,278	48,680

Table 2 – ROE and Adjusted ROE: a measure of the Company's use of equity.

	Q3 2022	Q3 2021
LTM net income	75,286	63,213
LTM average equity	377,778	310,551
ROE	19.9%	20.4%
LTM net income	75,286	63,213
Adjustments:		
Impact of share based compensation	(565)	9,027
Loss on sale of structured insurance assets	-	1,336
Net gains	(8,416)	(13,580)
Net losses (gains) from life annuity	2,668	(1,440)
Impact of Catastrophe programs reinsurance	2,158	-
Tax impact of above items	1,358	1,099
Adjustments relating to non-recurring income tax benefits	-	(936)
Adjusted LTM net income ⁽³⁾	72,489	58,719
LTM average equity	377,778	310,551
Adjusted LTM ROE	19.2%	18.9%

Table 3 – Reconciliation of Average equity⁽⁷⁾ to LTM average equity: LTM average equity is used in calculating adjusted ROE.

	Q3 2022	Q3 2021
Average equity	438,032	312,807
Adjustments: days in quarter proration	(60,254)	(2,256)
LTM average equity	377,778	310,551



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Footnotes

(1) This is a supplementary financial measure. Refer to Q3 2022 MD&A, Section 10, Operating Metrics table for its composition. To access MD&A, see Trisura's website or SEDAR at www.sedar.com.

(2) This is a non-IFRS ratio, see table 10.2 in Q3 2022 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.

(3) This is a non-IFRS ratio. See table 10.4 in Q3 2022 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.

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

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

(6) See section on Non-IFRS financial measures, Reconciliation of reported Net income to Adjusted net income. Adjusted 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 the reconciliation table.

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



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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.

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 adjusted net income, are utilized to assess the Company’s overall performance. To arrive at adjusted results, the Company adjusts for certain items to normalize earnings to core operations, in order to better 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 adjusted diluted earnings per share and adjusted 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 nine months ended September 30, 2022. 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.