



**Trisura Group Ltd.**

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Condensed Interim Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2020

**TRISURA GROUP LTD.**  
**Condensed Interim Consolidated Financial Statements (unaudited)**

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**TRISURA GROUP LTD.****Condensed Interim Consolidated Statements of Financial Position (unaudited)**

(in thousands of Canadian dollars, except as otherwise noted)

<b>As at</b>	<i>Note</i>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>Assets</b>			
Cash and cash equivalents, and short-term securities		<b>99,165</b>	85,905
Investments	<i>4, 6</i>	<b>465,680</b>	392,617
Premiums and accounts receivable, and other assets	<i>8</i>	<b>136,076</b>	86,669
Recoverable from reinsurers	<i>10</i>	<b>465,215</b>	293,068
Deferred acquisition costs		<b>139,873</b>	104,197
Capital assets and intangible assets		<b>13,872</b>	14,477
Deferred tax assets	<i>19</i>	<b>7,732</b>	1,460
<b>Total assets</b>		<b>1,327,613</b>	978,393
<b>Liabilities</b>			
Accounts payable, accrued and other liabilities	<i>9</i>	<b>44,337</b>	40,916
Reinsurance premiums payable	<i>8</i>	<b>109,852</b>	80,186
Unearned premiums		<b>445,980</b>	328,091
Unearned reinsurance commissions		<b>80,446</b>	51,291
Unpaid claims and loss adjustment expenses	<i>7</i>	<b>348,066</b>	257,880
Loan payable	<i>12</i>	<b>29,494</b>	29,700
		<b>1,058,175</b>	788,064
<b>Shareholders' equity</b>			
Common shares	<i>13</i>	<b>285,731</b>	219,251
Contributed surplus		<b>1,028</b>	815
Accumulated deficit		<b>(13,351)</b>	(28,309)
Accumulated other comprehensive loss		<b>(3,970)</b>	(1,428)
		<b>269,438</b>	190,329
<b>Total liabilities and shareholders' equity</b>		<b>1,327,613</b>	978,393

*See accompanying notes to the Condensed Interim Consolidated Financial Statements*

**TRISURA GROUP LTD.**

**Condensed Interim Consolidated Statements of Income (Loss) (unaudited)**

(in thousands of Canadian dollars, except as otherwise noted)

For the periods ended June 30,	Note	Three months		Six months	
		2020	2019	2020	2019
<b>Gross premiums written</b>		<b>202,683</b>	109,313	<b>372,635</b>	190,696
Reinsurance premiums ceded		(155,776)	(72,140)	(284,195)	(125,077)
Retrospective premiums refund		(26)	(40)	(59)	(76)
<b>Net premiums written</b>		<b>46,881</b>	37,133	<b>88,381</b>	65,543
Change in unearned premiums		(10,105)	(11,151)	(21,038)	(17,468)
<b>Net premiums earned</b>		<b>36,776</b>	25,982	<b>67,343</b>	48,075
Fee income		5,867	1,752	13,408	6,101
<b>Total underwriting revenue</b>		<b>42,643</b>	27,734	<b>80,751</b>	54,176
Net claims and loss adjustment expenses	7	(15,961)	(16,263)	(30,147)	(31,157)
Net commissions	10	(12,138)	(9,056)	(23,371)	(17,574)
Operating expenses and premium taxes		(14,753)	(11,325)	(26,838)	(22,615)
<b>Total claims and expenses</b>		<b>(42,852)</b>	(36,644)	<b>(80,356)</b>	(71,346)
<b>Net underwriting (loss) income</b>		<b>(209)</b>	(8,910)	<b>395</b>	(17,170)
Net investment income	15	6,308	5,771	14,842	10,084
Net gains	16	3,504	533	1,450	1,188
Settlement from structured insurance assets	4.4	-	-	-	8,077
Interest expense	12	(267)	(342)	(667)	(687)
<b>Income (loss) before income taxes</b>		<b>9,336</b>	(2,948)	<b>16,020</b>	1,492
Income tax expense	19	(2,749)	(1,190)	(1,062)	(3,113)
<b>Net income (loss) attributable to shareholders</b>		<b>6,587</b>	(4,138)	<b>14,958</b>	(1,621)
Weighted average number of common shares outstanding during the period (in thousands) – basic		9,560	6,622	9,188	6,622
Earnings per common share (in dollars) – basic		0.69	(0.63)	1.63	(0.25)
Earnings per common share (in dollars) – diluted		0.68	(0.63)	1.61	(0.25)

See accompanying notes to the Condensed Interim Consolidated Financial Statements

**TRISURA GROUP LTD.****Condensed Interim Consolidated Statements of Comprehensive Income (Loss) (unaudited)**

(in thousands of Canadian dollars, except as otherwise noted)

For the periods ended June 30,	Note	Three months		Six months	
		2020	2019	2020	2019
<b>Net income (loss) attributable to shareholders</b>		<b>6,587</b>	(4,138)	<b>14,958</b>	(1,621)
Net unrealized gains (losses) on available-for-sale investments		<b>17,624</b>	198	<b>(11,470)</b>	6,140
Income tax (expense) benefit		<b>(2,334)</b>	219	<b>2,940</b>	(1,019)
Items that may be reclassified subsequently to net income (loss)		<b>15,290</b>	417	<b>(8,530)</b>	5,121
Net realized gains		<b>(2,048)</b>	(320)	<b>(4,869)</b>	(604)
Impairment adjustment	4.2	<b>803</b>	-	<b>3,839</b>	-
Income tax (expense) benefit		<b>(589)</b>	36	<b>192</b>	217
Items reclassified to net income (loss)		<b>(1,834)</b>	(284)	<b>(838)</b>	(387)
Items other than cumulative translation (loss) gain		<b>13,456</b>	133	<b>(9,368)</b>	4,734
Items that will not be reclassified subsequently to net income (loss) – Cumulative translation (loss) gain		<b>(4,628)</b>	(1,843)	<b>6,826</b>	(3,786)
<b>Other comprehensive income (loss)</b>		<b>8,828</b>	(1,710)	<b>(2,542)</b>	948
<b>Total comprehensive income (loss)</b>		<b>15,415</b>	(5,848)	<b>12,416</b>	(673)

*See accompanying notes to the Condensed Interim Consolidated Financial Statements*

**TRISURA GROUP LTD.****Condensed Interim Consolidated Statements of Changes in Equity (unaudited)**

(in thousands of Canadian dollars, except as otherwise noted)

	<i>Note</i>	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss (net of income taxes)	Total
Balance at January 1, 2020		219,251	815	(28,309)	(1,428)	<b>190,329</b>
Net income		-	-	14,958	-	<b>14,958</b>
Other comprehensive loss		-	-	-	(2,542)	<b>(2,542)</b>
Comprehensive income		-	-	14,958	(2,542)	<b>12,416</b>
Issuances, net of taxes	13	66,480	-	-	-	<b>66,480</b>
Share based payments	20	-	213	-	-	<b>213</b>
<b>Balance at June 30, 2020</b>		<b>285,731</b>	<b>1,028</b>	<b>(13,351)</b>	<b>(3,970)</b>	<b>269,438</b>

	<i>Note</i>	Common shares	Preferred shares	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss (net of income taxes)	Total
Balance at January 1, 2019		163,582	1,600	313	(33,307)	(2,236)	129,952
Net loss		-	-	-	(1,621)	-	(1,621)
Other comprehensive income		-	-	-	-	948	948
Comprehensive loss		-	-	-	(1,621)	948	(673)
Share based payments	20	-	-	218	-	-	218
Dividends paid	13	-	-	-	(48)	-	(48)
<b>Balance at June 30, 2019</b>		<b>163,582</b>	<b>1,600</b>	<b>531</b>	<b>(34,976)</b>	<b>(1,288)</b>	<b>129,449</b>

*See accompanying notes to the Condensed Interim Consolidated Financial Statements*

**TRISURA GROUP LTD.****Condensed Interim Consolidated Statements of Cash Flows (unaudited)**

(in thousands of Canadian dollars, except as otherwise noted)

<b>For the six months ended June 30,</b>	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Net income (loss)	14,958	(1,621)
Items not involving cash:		
Depreciation and amortization	1,641	1,169
Unrealized losses (gains)	1,328	(2,109)
Impairment loss	4,687	-
Payment in kind	(285)	(220)
Stock options granted	380	218
Change in working capital	13,946	14,278
Realized gains on investments	(17,198)	(1,746)
Income taxes paid	(3,287)	(1,867)
Interest paid	(695)	(706)
<b>Net cash flows from operating activities</b>	<b>15,475</b>	<b>7,396</b>
<b>Investing activities</b>		
Proceeds on disposal of investments	140,264	28,549
Purchases of investments	(208,926)	(63,244)
Purchases of capital assets	(342)	(224)
Purchases of intangible assets	(164)	(80)
<b>Net cash flows used in investing activities</b>	<b>(69,168)</b>	<b>(34,999)</b>
<b>Financing activities</b>		
Dividends paid	-	(48)
Shares issued	65,143	-
Loans received	32,700	-
Repayment of loans payable	(32,700)	-
Principal portion of lease payments	(878)	(495)
<b>Net cash flows from (used in) financing activities</b>	<b>64,265</b>	<b>(543)</b>
<b>Net increase (decrease) in cash and cash equivalents, and short-term securities during the period</b>	<b>10,572</b>	<b>(28,146)</b>
Cash, beginning of period	68,208	93,153
Cash equivalents, beginning of period	17,697	2,059
Cash and cash equivalents, beginning of period	85,905	95,212
Impact of foreign exchange on cash and cash equivalents, and short-term securities	2,688	(2,117)
Cash, end of period	80,368	54,686
Cash equivalents and short-term securities, end of period	18,797	10,263
<b>Cash and cash equivalents, and short-term securities, end of period</b>	<b>99,165</b>	<b>64,949</b>

## TRISURA GROUP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

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#### Note 1 – The Company

Trisura Group Ltd. (the “Company”) was incorporated under the *Business Corporations Act* (Ontario) (the “Act”) on January 27, 2017. The Company’s head office is located at 333 Bay Street, Suite 1610, Box 22, Toronto Ontario, M5H 2R2.

The Company owns three principal subsidiaries through which it conducts insurance operations. These subsidiaries are Trisura Guarantee Insurance Company (“Trisura Guarantee”), Trisura Specialty Insurance Company (“Trisura Specialty”) and Trisura International Insurance Ltd. (“Trisura International”), which was wholly-owned through the intermediary holding company Trisura International Holdings Ltd. (“TIHL”). TIHL was wound up on May 21, 2020 (see Note 18), and Trisura International is now owned directly by the Company.

Trisura Guarantee operates as a Canadian property and casualty insurance company. Trisura Specialty is licensed by the Oklahoma Insurance Department as a domestic surplus lines insurer and can write business as a non-admitted surplus line insurer in all states within the United States and through its subsidiary can also write admitted business in certain states. Trisura International is currently managing its in-force portfolio of specialty reinsurance contracts and assumes some premium from Trisura Specialty.

The common shares of the Company are publicly traded on the Toronto Stock Exchange under the symbol “TSU”.

#### Note 2 – Basis of presentation

These Condensed Interim Consolidated Financial Statements (“Interim Consolidated Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). The Interim Consolidated Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Interim Consolidated Financial Statements comprise the financial results of the Company and all entities controlled by the Company, on a consolidated basis of presentation. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In accordance with IFRS, presentation of assets and liabilities on the Condensed Interim Consolidated Statements of Financial Position is in order of liquidity. The Company’s functional and presentation currency is Canadian dollars.

These Interim Consolidated Financial Statements were authorized for issuance by the Company’s Board of Directors on August 5, 2020.

#### Note 3 – Summary of significant accounting policies

The accounting policies applied during the three and six months ended June 30, 2020 are the same as those described and disclosed in Note 2 – *Summary of significant accounting policies* of the December 31, 2019 Consolidated Financial Statements.



## TRISURA GROUP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

#### Note 4 – Investments

##### 4.1 Classification of cash and investments

The following table presents the classification of cash and cash equivalents, and short-term securities and investments:

As at June 30, 2020	AFS	Designated FVTPL	Cash, loans and receivables	Total
Cash and cash equivalents, and short-term securities	-	-	99,165	99,165
Investments				
Fixed income	287,990	78,805	709	367,504
Common shares	33,826	-	-	33,826
Preferred shares	53,078	-	-	53,078
Structured insurance assets	-	11,272	-	11,272
<b>Total cash and investments</b>	<b>374,894</b>	<b>90,077</b>	<b>99,874</b>	<b>564,845</b>

As at December 31, 2019	AFS	Designated FVTPL	Cash, loans and receivables	Total
Cash and cash equivalents, and short-term securities	-	-	85,905	85,905
Investments				
Fixed income	226,122	71,838	4,294	302,254
Common shares	40,621	-	-	40,621
Preferred shares	39,084	-	-	39,084
Structured insurance assets	-	10,658	-	10,658
<b>Total cash and investments</b>	<b>305,827</b>	<b>82,496</b>	<b>90,199</b>	<b>478,522</b>

On May 13, 2020, the Company derecognized financial assets with a face value of \$4,575 as the contractual rights to receive cash flows have expired. The carrying value of the asset was measured at \$3,450, resulting in a realized loss of \$1,125. For the three and six months ended June 30, 2020, an impairment of \$nil and \$848 had been recorded on the asset, respectively, prior to the derecognition (June 30, 2019 – \$nil and \$nil, respectively). Although rights to receive cash flows have expired, the Company received classes of equity unit as part of the asset's restructuring transaction. These equity units are Level 3 investments measured at fair value. As at June 30, 2020, the carrying value of the investment was \$3,135 (December 31, 2019 – \$nil). As an equity unit holder, the Company has made commitments to fund \$1,177 USD to the asset, \$491 USD of which had been funded during the three and six months ended June 30, 2020.

## TRISURA GROUP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

#### 4.2 Unrealized gains and losses and carrying value of investments

The amortized cost and carrying value of investments as at June 30, 2020 and December 31, 2019 were as follows:

As at June 30, 2020	FVTPL	Other investments				Total
	investments	Amortized	Unrealized	Unrealized	Carrying	investments
	At carrying	cost	gains	losses	value	At carrying
	value					value
Government	66,383	33,789	1,185	(14)	34,960	101,343
Corporate	12,422	248,973	4,057	-	253,030	265,452
<b>Total bonds</b>	<b>78,805</b>	<b>282,762</b>	<b>5,242</b>	<b>(14)</b>	<b>287,990</b>	<b>366,795</b>
Other loans	-	709	-	-	709	709
<b>Total fixed income</b>	<b>78,805</b>	<b>283,471</b>	<b>5,242</b>	<b>(14)</b>	<b>288,699</b>	<b>367,504</b>
Common shares	-	40,231	1,704	(8,109)	33,826	33,826
Preferred shares	-	61,048	109	(8,079)	53,078	53,078
Structured insurance assets	11,272	-	-	-	-	11,272
	<b>90,077</b>	<b>384,750</b>	<b>7,055</b>	<b>(16,202)</b>	<b>375,603</b>	<b>465,680</b>

As at December 31, 2019	FVTPL	Other investments				Total
	investments	Amortized	Unrealized	Unrealized	Carrying	investments
	At carrying	cost	gains	losses	value	At carrying
	value					value
Government	71,838	49,046	796	(49)	49,793	121,631
Corporate	-	174,957	2,121	(749)	176,329	176,329
<b>Total bonds</b>	<b>71,838</b>	<b>224,003</b>	<b>2,917</b>	<b>(798)</b>	<b>226,122</b>	<b>297,960</b>
Other loans	-	4,294	-	-	4,294	4,294
<b>Total fixed income</b>	<b>71,838</b>	<b>228,297</b>	<b>2,917</b>	<b>(798)</b>	<b>230,416</b>	<b>302,254</b>
Common shares	-	34,543	6,335	(257)	40,621	40,621
Preferred shares	-	42,832	518	(4,266)	39,084	39,084
Structured insurance assets	10,658	-	-	-	-	10,658
	<b>82,496</b>	<b>305,672</b>	<b>9,770</b>	<b>(5,321)</b>	<b>310,121</b>	<b>392,617</b>

The Company is currently assessing the cash flow characteristics test, to determine if the securities the Company holds would pass the solely payments of principal and interest ("SPPI") test. Based on a preliminary assessment, most of the debt securities would pass the test, however the composition of debt securities may change significantly by the time IFRS 9 is adopted along with IFRS 17, effective for fiscal year commencing January 1, 2023.

Management has reviewed currently available information regarding those investments with a fair value less than carrying value. During the three and six months ended June 30, 2020, management recognized impairments of \$803 and \$4,687, respectively (June 30, 2019 – \$nil and \$nil, respectively). Assumptions are used when estimating the value of impairment based on the Company's impairment policy, which involves comparing fair value to carrying value.

## TRISURA GROUP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

#### 4.3 Pledged assets

In the normal course of insurance and reinsurance operations, the Company must secure its obligations under certain insurance and reinsurance contracts by collateralizing them with letters of credit or trust arrangements. These trusts and letters of credit may, in turn, be secured by the Company's fixed income investments. As at June 30, 2020, the Company has pledged cash amounting to \$973 USD and pledged fixed maturity investments amounting to \$63,123 USD (December 31, 2019 – \$2,576 USD and \$58,981 USD, respectively), under insurance and reinsurance trust arrangements and are therefore not readily available for general use by the Company.

As at June 30, 2020, the Company pledged \$3,570 USD (December 31, 2019 – \$311 USD) of fixed income investments as security deposits to various state insurance departments to be held in trust for and pledged to various states.

#### 4.4 Structured insurance assets

The structured insurance assets represent the Company's purchase of the rights to collect commission income on portfolios of long-term care insurance policies issued by insurance companies. The commissions are paid into trusts, from which the amounts due to the Company, being the commissions net of amounts due to other parties and expenses of the trusts, are paid. The commission income for the three and six months ended June 30, 2020 amounted to \$388 and \$789, respectively (June 30, 2019 – \$382 and \$851, respectively), which has been recorded within Net investment income (see Note 15).

In March 2019, there was a settlement gain of \$6,075 USD on the structured insurance assets that arose from a legal action against the third party, from whom Trisura International purchased the structured insurance assets in 2004.

#### Note 5 – Fair value and notional amount of derivatives

The following sets out the fair value and notional amount of derivatives as at June 30, 2020 and December 31, 2019:

As at	June 30, 2020			December 31, 2019		
	Notional amount	Fair value		Notional amount	Fair value	
Asset		Liability	Asset		Liability	
<b>Foreign currency contracts</b>						
Forwards	112,200	2,815	1,142	43,700	327	-
<b>Equity contracts</b>						
Swap agreements	1,826	2,836	-	494	745	-
<b>Interest rate contracts</b>						
Swap agreements	4,446	-	72	-	-	-
	<b>118,472</b>	<b>5,651</b>	<b>1,214</b>	<b>44,194</b>	<b>1,072</b>	<b>-</b>
<b>Term to maturity</b>						
less than one year	114,026	5,651	1,142	43,700	327	-
from one to five years	-	-	-	494	745	-
from five to ten years	4,446	-	72	-	-	-

The Company uses foreign currency forward contracts to reduce its exposure to fluctuations in the exchange rates that could arise from its USD, EUR and GBP denominated investments, including investments in subsidiaries. The notional amounts of the forwards as at June 30, 2020 are \$74,697 USD (December 31, 2019 – \$25,991 USD), €1,640 EUR (December 31, 2019 – €1,636 EUR) and £3,917 GBP (December 31, 2019 – £4,193). The Company also uses swap agreements to mitigate exposure to interest rate on its investment portfolio and equity market fluctuations associated with its share based compensation. These derivatives are recorded at fair value and gains and losses are recorded in Net gains (see Note 16).

## TRISURA GROUP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

#### Note 6 – Fair value measurement

The following sets out the financial instruments classified in accordance with the fair value hierarchy as at June 30, 2020 and December 31, 2019:

As at June 30, 2020	Total fair value	Level 1	Level 2	Level 3
<b>Government</b>	<b>101,343</b>	-	<b>101,343</b>	-
<b>Corporate</b>	<b>265,452</b>	-	<b>265,452</b>	-
<b>Total bonds</b>	<b>366,795</b>	-	<b>366,795</b>	-
<b>Common shares</b>	<b>33,826</b>	<b>26,577</b>	-	<b>7,249</b>
<b>Preferred shares</b>	<b>53,078</b>	<b>53,078</b>	-	-
<b>Structured insurance assets</b>	<b>11,272</b>	-	-	<b>11,272</b>
<b>Total investments</b>	<b>464,971</b>	<b>79,655</b>	<b>366,795</b>	<b>18,521</b>
<b>Derivative financial assets</b>	<b>5,651</b>	-	<b>5,651</b>	-
<b>Derivative financial liabilities</b>	<b>(1,214)</b>	-	<b>(1,214)</b>	-
	<b>469,408</b>	<b>79,655</b>	<b>371,232</b>	<b>18,521</b>

  

As at December 31, 2019	Total fair value	Level 1	Level 2	Level 3
Government	121,631	-	121,631	-
Corporate	176,329	-	176,329	-
Total bonds	297,960	-	297,960	-
Common shares	40,621	39,711	-	910
Preferred shares	39,084	39,084	-	-
Structured insurance assets	10,658	-	-	10,658
Total investments	388,323	78,795	297,960	11,568
Derivative financial assets	1,072	-	1,072	-
	389,395	78,795	299,032	11,568

For the three and six months ended June 30, 2020 and the year ended December 31, 2019, there were no transfers between levels.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the hierarchy for the six months ended June 30, 2020 and the year ended December 31, 2019:

	June 30, 2020	December 31, 2019
Balance at beginning of period	<b>11,568</b>	13,105
Unrealized gains (losses)	<b>553</b>	(1,092)
Purchase of securities	<b>5,877</b>	119
Foreign exchange	<b>523</b>	(564)
Balance at end of period	<b>18,521</b>	11,568

**TRISURA GROUP LTD.****Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

(in thousands of Canadian dollars, except as otherwise noted)

**Note 7 – Unpaid claims and loss adjustment expenses**

The following changes have occurred to the claim reserves for the three and six months ended:

<b>For the three months ended June 30, 2020</b>	<b>Direct</b>	<b>Ceded</b>	<b>Net</b>
Unpaid claims, beginning of period	311,483	154,562	156,921
Claims occurring in current year (including paid)	78,143	67,192	10,951
Change in undiscounted estimates for losses of prior years	(1,900)	(506)	(1,394)
Change in discounting	6,288	(69)	6,357
Change in provision for adverse deviation	(25)	(72)	47
Total claims incurred	82,506	66,545	15,961
Claims paid	(38,371)	(25,401)	(12,970)
Foreign exchange	(7,552)	(4,935)	(2,617)
Unpaid claims, end of period	348,066	190,771	157,295
<b>For the six months ended June 30, 2020</b>	<b>Direct</b>	<b>Ceded</b>	<b>Net</b>
Unpaid claims, beginning of period	257,880	114,657	143,223
Claims occurring in current year (including paid)	144,912	122,655	22,257
Change in undiscounted estimates for losses of prior years	(8,762)	(5,004)	(3,758)
Change in discounting	11,100	(367)	11,467
Change in provision for adverse deviation	484	303	181
Total claims incurred	147,734	117,587	30,147
Claims paid	(65,588)	(44,980)	(20,608)
Foreign exchange	8,040	3,507	4,533
Unpaid claims, end of period	348,066	190,771	157,295
<b>For the three months ended June 30, 2019</b>	<b>Direct</b>	<b>Ceded</b>	<b>Net</b>
Unpaid claims, beginning of period	188,802	50,970	137,832
Claims occurring in current year (including paid)	51,008	43,451	7,557
Change in undiscounted estimates for losses of prior years	(1,696)	26	(1,722)
Change in discount rate	9,874	(316)	10,190
Change in provision for adverse deviation	1,034	796	238
Total claims incurred	60,220	43,957	16,263
Claims paid	(26,001)	(18,445)	(7,556)
Foreign exchange	(1,522)	(710)	(812)
Unpaid claims, end of period	221,499	75,772	145,727

**TRISURA GROUP LTD.****Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

(in thousands of Canadian dollars, except as otherwise noted)

**Note 7 – Unpaid claims and loss adjustment expenses (continued)**

For the six months ended June 30, 2019	Direct	Ceded	Net
Unpaid claims, beginning of period	173,997	42,048	131,949
Purchase of Trisura Warranty outstanding warranty contracts	987	-	987
Gross unpaid claims	174,984	42,048	132,936
Claims occurring in current year (including paid)	88,537	73,762	14,775
Change in undiscounted estimates for losses of prior years	(1,748)	1,548	(3,296)
Change in discount rate	17,479	(1,935)	19,414
Change in provision for adverse deviation	793	529	264
Total claims incurred	105,061	73,904	31,157
Claims paid	(53,748)	(39,345)	(14,403)
Foreign exchange	(4,798)	(835)	(3,963)
Unpaid claims, end of period	221,499	75,772	145,727

**Note 8 – Premiums and accounts receivable, and other assets**

As at June 30, 2020 and December 31, 2019, Premiums and accounts receivable, and other assets consists of:

As at	June 30, 2020	December 31, 2019
Premiums receivable	<b>121,233</b>	79,627
Derivative assets	<b>5,651</b>	1,072
Unsettled investments receivable	<b>3,883</b>	-
Accrued investment income	<b>2,757</b>	2,537
Tax recoveries	<b>1,101</b>	417
Prepaid expenses	<b>353</b>	388
Funds held by ceding companies	<b>248</b>	221
Miscellaneous assets	<b>850</b>	2,407
	<b>136,076</b>	86,669

As at June 30, 2020, Premiums receivable of \$121,233 (December 31, 2019 – \$79,627) includes an amount of \$96,764 (December 31, 2019 – \$54,187) related to Trisura Specialty for which there is a reinsurance payable of \$95,828 (December 31, 2019 – \$60,345).

The Reinsurance premiums payable balance of \$109,852 (December 31, 2019 – \$80,186) on the Condensed Interim Consolidated Statements of Financial Position reflects \$127,024 of reinsurance payable (December 31, 2019 – \$84,572), netted against \$17,172 (December 31, 2019 – \$4,386) of reinsurance recoverable.

## TRISURA GROUP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

#### Note 9 – Accounts payable, accrued and other liabilities

As at June 30, 2020 and December 31, 2019, Accounts payable, accrued and other liabilities consist of:

As at	June 30, 2020	December 31, 2019
Deposits in trust	11,987	11,842
Lease liabilities	8,961	9,756
Accrued liabilities	7,866	8,345
Share based payment plan	5,413	2,589
Other liabilities	4,369	4,102
Taxes payable	4,159	3,913
Derivatives liabilities	1,214	-
Investment contract liabilities	368	369
	<b>44,337</b>	<b>40,916</b>

#### Note 10 – Reinsurance and commissions

The Company uses reinsurance in the ordinary course of business to reduce its exposure to any one claim or event under the policies it issues. A large portion of this reinsurance is affected under reinsurance agreements known as treaty reinsurance. In some instances, it is negotiated on a facultative (one-off) basis for individual policies, generally when the exposures under these policies are not sufficiently mitigated by the treaty reinsurance.

Reinsurance does not relieve the Company of its obligations to policyholders. A contingent liability exists with respect to reinsurance ceded which would become a liability of the Company in the event that any reinsurer fails to honour its contractual obligations. For this reason, the Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk to minimize its exposure to losses from reinsurer insolvencies. All licensed reinsurers providing treaty or facultative reinsurance policies are required to have a minimum A.M. Best credit rating of A- at the inception of each policy.

In some instances, provisions are incorporated in the treaties to protect the Company in the event a reinsurer's credit rating deteriorates during the term of the reinsurance treaty. Unlicensed reinsurers must post an agreed upon level of collateral. The Company has determined that a provision is not required for potentially uncollectible reinsurance as at June 30, 2020 and December 31, 2019.

The following table summarizes the components of Recoverable from reinsurers as at June 30, 2020 and December 31, 2019:

As at	June 30, 2020	December 31, 2019
Reinsurers' share of claims liabilities (see Note 7)	190,771	114,657
Reinsurers' share of unearned premiums	274,444	178,411
	<b>465,215</b>	<b>293,068</b>

For the three and six months ended June 30, 2020, Net commissions of \$12,138 and \$23,371 (June 30, 2019 – \$9,056 and \$17,574) on the Condensed Interim Consolidated Statements of Income (Loss) reflect \$38,718 and \$66,427 of gross commissions (June 30, 2019 – \$18,362 and \$34,171), net of \$26,580 and \$43,056 (June 30, 2019 – \$9,306 and \$16,597) of reinsurance commissions, respectively.

#### Note 11 – Capital management

The Company's capital is its shareholders' equity, which consists of common shares, contributed surplus, accumulated deficit and accumulated other comprehensive loss. The Company reviews its capital structure on a regular basis to ensure an appropriate capital structure in keeping with all regulatory, business and shareholder obligations.

Oversight of the capital of the Company rests with management and the board of directors. Their objectives are twofold: (i) to ensure the Company is prudently capitalized relative to the amount and type of risks assumed and the requirements established by the laws and regulations applicable to the Company's regulated subsidiaries; and (ii) to ensure shareholders receive an appropriate return on their investment.

## TRISURA GROUP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

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#### 11.1 Regulatory capital

##### a) *Trisura Guarantee*

Under guidelines established by the Office of the Superintendent of Financial Institutions which apply to Trisura Guarantee, Canadian property and casualty insurance companies must maintain minimum levels of capital as determined in accordance with a prescribed test, the minimum capital test ("MCT"), which expresses available capital (actual capital plus or minus specified adjustments) as a percentage of required capital. Companies are expected to maintain MCT level of at least 150% and are further required to establish their own unique target MCT level based on the nature of their operations and the business they write. Management, with the board of directors' approval, has established Trisura Guarantee's target MCT level in accordance with these requirements. Trisura Guarantee has exceeded this measure as at June 30, 2020 and December 31, 2019.

##### b) *Trisura Specialty*

Trisura Specialty is subject to externally imposed regulatory capital requirements by the Oklahoma Insurance Department as a Domestic Surplus Line Insurer. As an admitted carrier, through its subsidiary, Trisura Specialty is subject to the various capital requirements of each state in which it is licensed. A requirement of the regulators is that Trisura Specialty's Risk Based Capital exceed certain minimum thresholds as well as Company Action Levels ("CALs"), below which the Company would have to notify the regulators. As at June 30, 2020 and December 31, 2019, Trisura Specialty was in excess of any CALs of the states in which it was licensed.

##### c) *Trisura International*

Trisura International is subject to externally imposed regulatory capital requirements in Barbados. As at June 30, 2020 and December 31, 2019, Trisura International maintained sufficient capital to meet these requirements.

#### Note 12 – Loan payable

As at December 31, 2019, the Company maintained a five-year revolving credit facility with a Canadian Schedule I bank (the "Bank") which allowed for drawings of up to \$35,000. On April 1, 2020, the Company's five-year revolving credit facility was amended to increase the Company's borrowing capacity from \$35,000 to \$50,000. Under this arrangement, the Company could draw funds in the form of short term banker's acceptances, Canadian prime rate advances, base rate advances or LIBOR rate advances. The interest rate was based on the current periods' bankers' acceptance rate, Canadian prime rate, base rate, or LIBOR rate, plus a margin. The loan balance is accounted for at amortized cost, which is equal to the carrying value. The minimum required annual payment consists only of interest, with no mandatory principal payments required.

On March 16, 2020, the Company converted its Canadian dollar denominated loan balance of \$29,700 to a loan balance denominated in US dollars, with the same bank. To do so, \$21,642 USD was drawn under the loan to immediately repay the outstanding loan payable of \$29,700. On March 20, 2020, an additional \$3,000 was drawn under the credit facility, which was repaid on June 19, 2020.

As part of the covenants of the loan arrangement, the Company is required to maintain certain financial ratios, which were fully met as at June 30, 2020 and December 31, 2019.

For the three and six months ended June 30, 2020, the Company incurred \$267 and \$667 of interest expense, respectively (June 30, 2019 – \$342 and \$687, respectively), of which \$174 and \$416 (June 30, 2019 – \$237 and \$506) are related to the loan payable. As at June 30, 2020, the loan balance was \$29,494 (December 31, 2019 – \$29,700).

#### Note 13 – Share capital

The Company's authorized share capital consists of: (i) an unlimited number of common shares; (ii) an unlimited number of non-voting shares; and (iii) an unlimited number of preference shares (issuable in series). As at June 30, 2020 and December 31, 2019, no non-voting shares were issued.

In May 2020, the Company completed a public offering of 1,289,150 common shares for gross proceeds of \$60,397. Concurrent with the public offering, the Company issued 160,100 common shares to investors on a private placement basis for gross proceeds of \$7,501. The Company incurred costs of \$2,416 in commission paid to underwriters as well as \$339 of costs directly attributable to the share issuance, which have been deducted from equity. At June 30, 2020, the net impact of the share issuance is an increase in common shares of \$66,480, net of tax impact of \$1,337 related to the share issuance costs.



## TRISURA GROUP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

#### Note 13 – Share capital (continued)

In December 2019, the Company exercised its right to redeem all 64,000 (in shares) of its issued and outstanding preferred shares, for \$1,600. Holders of the preferred shares were entitled to a cumulative dividend, payable quarterly, at a fixed rate of 6%. During the three and six months ended June 30, 2020, no dividend payments have been made (June 30, 2019 – \$24 and \$48, respectively, at \$0.375 (in dollars) per share for each Class A, Series 1, preferred share).

In September 2019, the Company completed a public offering of 1,743,400 common shares for gross proceeds of \$46,026. Concurrent with the public offering, the Company issued 454,539 common shares to investors on a private placement basis for gross proceeds of \$12,000. The Company incurred costs of \$1,841 in commission paid to underwriters as well as \$516 of costs directly attributable to the share issuance, which have been deducted from equity. At December 31, 2019, the net impact of the share issuance is an increase in common shares of \$55,669.

The following table shows the common shares issued and outstanding:

As at	June 30, 2020		December 31, 2019	
	Number of shares	Amount (in thousands)	Number of shares	Amount (in thousands)
Balance, beginning of period	8,819,619	219,251	6,621,680	163,582
Common shares issued, net of taxes	1,449,250	66,480	2,197,939	55,669
Balance, end period	10,268,869	285,731	8,819,619	219,251

#### Note 14 – Earnings per share

Basic earnings per common share are calculated by dividing the net income attributable to common shareholders for the reporting period by the weighted-average number of common shares.

Diluted earnings per share is calculated by dividing the net income attributable to common shareholders for the reporting period by the weighted-average number of common shares adjusted for the effects of all dilutive potential common shares, which consist of stock options.

	Three months ended		Six months ended	
	June 30		June 30	
	2020	2019	2020	2019
Net income (loss) attributable to shareholders	6,587	(4,138)	14,958	(1,621)
Less: Dividends declared on preferred shares	-	(24)	-	(48)
Net income (loss) attributable to common shareholders	6,587	(4,162)	14,958	(1,669)
Weighted-average number of common shares outstanding (in shares)	9,560,347	6,621,680	9,187,937	6,621,680
EPS – basic (in dollars)	0.69	(0.63)	1.63	(0.25)
Dilutive effect of the conversion of options on common shares (in shares)	107,969	-	103,958	-
Diluted weighted-average number of common shares outstanding (in shares)	9,668,316	6,621,680	9,291,895	6,621,680
EPS – diluted (in dollars)	0.68	(0.63)	1.61	(0.25)

## TRISURA GROUP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

#### Note 15 – Net investment income

The components of net investment income for the three and six months ended June 30, 2020 and June 30, 2019 were as follows:

	Three months ended June 30		Six months ended June 30	
	2020	2019 <sup>(1)</sup>	2020	2019 <sup>(1)</sup>
Cash and cash equivalents, and short-term securities	173	119	439	213
Bonds classified as loans and receivables	(36)	204	166	372
FVTPL bonds	180	-	352	-
AFS bonds	1,943	1,702	3,764	3,281
<b>Interest income</b>	<b>2,260</b>	<b>2,025</b>	<b>4,721</b>	<b>3,866</b>
AFS common shares and income and investment trust units	519	358	1,009	660
AFS preferred shares	478	427	1,198	772
<b>Dividend income</b>	<b>997</b>	<b>785</b>	<b>2,207</b>	<b>1,432</b>
Gains on investments held at FVTPL	2,917	2,714	7,697	4,205
Commission income on structured insurance assets	388	382	789	851
Investment expenses	(254)	(135)	(572)	(270)
<b>Other investment income</b>	<b>3,051</b>	<b>2,961</b>	<b>7,914</b>	<b>4,786</b>
<b>Net investment income</b>	<b>6,308</b>	<b>5,771</b>	<b>14,842</b>	<b>10,084</b>

(1) Certain Net investment income balances from June 30, 2019 have been reclassified to Net gains (see Note 16) to conform with the December 31, 2019 annual financial statements presentation.

#### Note 16 – Net gains

The components of net gains for the three and six months ended June 30, 2020 and 2019 were as follows:

	Three months ended June 30		Six months ended June 30	
	2020	2019 <sup>(1)</sup>	2020	2019 <sup>(1)</sup>
Net gains (losses) from:				
financial instruments:				
AFS common shares and income and investment trust units	613	400	3,129	1,105
AFS preferred shares	16	98	16	98
AFS bonds	455	(177)	758	(599)
	<b>1,084</b>	<b>321</b>	<b>3,903</b>	<b>604</b>
derivatives:				
swap agreements <sup>(2)</sup>	866	-	689	-
Embedded derivatives	(872)	-	(872)	-
Net foreign currency gains	3,229	212	2,417	584
Impairment on investments	(803)	-	(4,687)	-
<b>Net gains</b>	<b>3,504</b>	<b>533</b>	<b>1,450</b>	<b>1,188</b>

(1) Certain Net investment income balances from June 30, 2019 have been reclassified from Net investment income (see Note 15) to conform with the December 31, 2019 annual financial statements presentation.

(2) Excluding foreign currency contracts, which are reported in the line Net foreign currency gains.

## TRISURA GROUP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

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#### Note 17 – Segmented information

The Company has three reportable segments. The operations of Trisura Guarantee comprises Surety, Risk Solutions and Corporate Insurance products underwritten in Canada as well as the operations of Trisura Warranty. The operations of Trisura Specialty provides specialty insurance solutions underwritten in the United States. The operations of Trisura International comprises the Company's international reinsurance operations.

The following tables show the results for the three and six months ended June 30, 2020 and 2019:

Three months ended June 30, 2020	Trisura Guarantee	Trisura Specialty	Trisura International	Corporate and consolidation adjustments	Total
Net premiums earned:					
from external customers	30,597	5,053	-	-	35,650
inter-segment premiums <sup>(1)</sup>	-	-	1,126	-	1,126
Fee income	301	5,566	-	-	5,867
Total underwriting revenue	30,898	10,619	1,126	-	42,643
Net claims	(4,953)	(3,698)	(7,310)	-	(15,961)
Net expenses	(19,498)	(3,493)	(922)	(2,978)	(26,891)
Total claims and expenses	(24,451)	(7,191)	(8,232)	(2,978)	(42,852)
Net underwriting income (loss)	6,447	3,428	(7,106)	(2,978)	(209)
Net investment income	1,780	885	3,591	52	6,308
Net (losses) gains	(1,055)	639	(95)	4,015	3,504
Interest expense	(77)	(9)	(7)	(174)	(267)
<b>Net income (loss) before tax</b>	<b>7,095</b>	<b>4,943</b>	<b>(3,617)</b>	<b>915</b>	<b>9,336</b>

Six months ended June 30, 2020	Trisura Guarantee	Trisura Specialty	Trisura International	Corporate and consolidation adjustments	Total
Net premiums earned:					
from external customers	57,097	8,931	-	-	66,028
inter-segment premiums <sup>(1)</sup>	-	-	1,315	-	1,315
Fee income	3,743	9,665	-	-	13,408
Total underwriting revenue	60,840	18,596	1,315	-	80,751
Net claims	(11,389)	(6,179)	(12,579)	-	(30,147)
Net expenses	(38,220)	(6,521)	(1,791)	(3,677)	(50,209)
Total claims and expenses	(49,609)	(12,700)	(14,370)	(3,677)	(80,356)
Net underwriting income (loss)	11,231	5,896	(13,055)	(3,677)	395
Net investment income	4,093	1,570	9,103	76	14,842
Net (losses) gains	(2,621)	683	(160)	3,548	1,450
Interest expense	(219)	(18)	(14)	(416)	(667)
<b>Net income (loss) before tax</b>	<b>12,484</b>	<b>8,131</b>	<b>(4,126)</b>	<b>(469)</b>	<b>16,020</b>

(1) For the three and six months ended June 30, 2020, Trisura International earned inter-segment premiums of \$1,126 and \$1,315, respectively (June 30, 2019 – \$nil and \$nil, respectively), from Trisura Specialty. The inter-segment ceding arrangement was entered into at prevailing market rates.

## TRISURA GROUP LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

#### Note 17 – Segmented information (continued)

Three months ended June 30, 2019	Trisura Guarantee	Trisura Specialty	Trisura International	Corporate and consolidation adjustments	Total
Net premiums earned	24,723	1,236	23	-	25,982
Fee income	212	1,540	-	-	1,752
Total underwriting revenue	24,935	2,776	23	-	27,734
Net claims	(5,638)	(806)	(9,819)	-	(16,263)
Net expenses	(17,171)	(1,787)	(662)	(761)	(20,381)
Total claims and expenses	(22,809)	(2,593)	(10,481)	(761)	(36,644)
Net underwriting income (loss)	2,126	183	(10,458)	(761)	(8,910)
Net investment income <sup>(1)</sup>	2,032	490	3,246	3	5,771
Net gains (losses)	460	84	(76)	65	533
Interest expense	(66)	(18)	(1)	(257)	(342)
Net income (loss) before tax	4,552	739	(7,289)	(950)	(2,948)

Six months ended June 30, 2019	Trisura Guarantee	Trisura Specialty	Trisura International	Corporate and consolidation adjustments	Total
Net premiums earned	46,066	1,958	51	-	48,075
Fee income	3,596	2,505	-	-	6,101
Total underwriting revenue	49,662	4,463	51	-	54,176
Net claims	(10,356)	(1,222)	(19,579)	-	(31,157)
Net expenses	(33,668)	(3,249)	(1,253)	(2,019)	(40,189)
Total claims and expenses	(44,024)	(4,471)	(20,832)	(2,019)	(71,346)
Net underwriting income (loss)	5,638	(8)	(20,781)	(2,019)	(17,170)
Net investment income <sup>(1)</sup>	3,837	975	5,267	5	10,084
Settlement from structured insurance assets	-	-	8,077	-	8,077
Net gains (losses)	1,148	(304)	220	124	1,188
Interest expense	(132)	(27)	(2)	(526)	(687)
Net income (loss) before tax	10,491	636	(7,219)	(2,416)	1,492

(1) Certain Net investment income balances from June 30, 2019 have been reclassified to Net gains (see Note 16) to conform with the December 31, 2019 annual financial statement presentation.

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### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

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#### Note 17 – Segmented information (continued)

The following table shows Loan payable of \$29,494 included with the liabilities in Corporate and consolidation adjustments at June 30, 2020 (December 31, 2019 – \$29,700):

As at June 30, 2020	Trisura Guarantee	Trisura Specialty	Trisura International	Corporate and consolidation adjustments	Total
Assets	441,708	734,229	116,840	34,836	1,327,613
Liabilities	351,369	580,535	100,857	25,414	1,058,175

As at December 31, 2019	Trisura Guarantee	Trisura Specialty	Trisura International	Corporate and consolidation adjustments	Total
Assets	424,009	444,763	104,169	5,452	978,393
Liabilities	333,681	336,608	85,766	32,009	788,064

#### Note 18 – Investment in subsidiary

On May 21, 2020, TIHL, an intermediary holding company and wholly-owned subsidiary of the Company, completed a voluntary dissolution. The assets and liabilities of the subsidiary were transferred to the Company, including the shares of its wholly-owned subsidiary, Trisura International. This dissolution had no impact on the Condensed Interim Consolidated Statements of Financial Position and results of operations of the Company.

#### Note 19 – Income taxes

The following shows the major components of income tax expense for the three and six months ended June 30, 2020 and 2019:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<b>Current tax expense:</b>				
Current year	3,196	1,366	6,502	3,916
Prior year true up	-	6	-	112
	3,196	1,372	6,502	4,028
<b>Deferred tax expense:</b>				
Origination and reversal of temporary differences	(447)	(182)	(5,440)	(915)
Income tax expense	2,749	1,190	1,062	3,113
<b>Income taxes recorded in other comprehensive income (loss):</b>				
Net changes in unrealized (gains) losses on AFS investments	(2,374)	(247)	3,482	1,038
Reclassification to net income of net (losses) gains on AFS investments	(589)	(36)	192	(217)
Origination and reversal of temporary differences	40	28	(542)	(19)
Total income tax (benefit) expense recorded in other comprehensive income (loss)	(2,923)	(255)	3,132	802

**TRISURA GROUP LTD.****Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

(in thousands of Canadian dollars, except as otherwise noted)

**Note 19 – Income taxes (continued)**

The following is a reconciliation of income taxes calculated at the statutory income tax rate to the income tax provision included in the Condensed Interim Consolidated Statements of Income (loss) for the three and six months ended June 30, 2020 and 2019:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Income (loss) before income taxes	9,336	(2,948)	16,020	1,492
Statutory income tax rate	26.5%	26.5%	26.5%	26.5%
	2,474	(781)	4,245	395
Variations due to:				
Permanent differences	(187)	204	(400)	(418)
International operations subject to different tax rates	620	1,512	666	2,707
Unrecognized tax (gains) losses	(261)	245	(3,425)	312
Rate differentials:				
Current rate versus future rate	(2)	3	3	3
Change in future rate	58	1	2	2
True up	47	6	(29)	112
Income tax expense	2,749	1,190	1,062	3,113

On February 5, 2020, the Company obtained an Advance Income Tax Ruling from the Canada Revenue Agency on a strategy to utilize accumulated tax losses. The strategy was implemented on February 20, 2020. As at June 30, 2020, the Company has unused tax losses of \$10,074 (December 31, 2019 – \$11,669) which will expire in the following years:

	June 30, 2020
2033	19
2034	3
2036	538
2037	2,496
2038	3,368
2039	3,337
2040	313
	10,074

**Note 20 – Equity-settled restricted share units (“RSUs”)**

On February 21, 2020, the Company awarded certain employees RSUs based on the market value of the Company’s common shares at the grant date. These RSUs will typically vest in three years, however in some instances the vesting period may differ.

The following table shows the movement in the number of RSUs issued during the six months ended June 30, 2020:

For the six months ended June 30,	2020 (in units)	2019 (in units)
Opening balance	-	-
Granted during the period	5,593	-
Ending balance	5,593	-

As at June 30, 2020, no units had vested. For the three and six months ended June 30, 2020, \$28 and \$47, respectively (June 30, 2019 – \$nil and \$nil, respectively) had been recorded as expense related to the RSUs in Operating expenses. For the six months ended June 30, 2020, a share reserve to contributed surplus of \$167 (June 30, 2019 – \$nil) was recorded which is offset by an adjustment to contributed surplus related to the vesting of stock options granted of \$380 (June 30, 2019 – \$218).