



## PRESS RELEASE

### TRISURA GROUP REPORTS FIRST QUARTER 2023 RESULTS AND ANNOUNCES INAUGURAL INVESTOR DAY

**TORONTO, May 11, 2023** — Trisura Group Ltd. (“Trisura” or “Trisura Group”) (TSX: TSU), a leading specialty insurance provider, today announced financial results for the first quarter of 2023.

David Clare, President and CEO of Trisura, stated, “Trisura reported strong performance in the quarter with operating net income of \$28.6 million, or \$0.61 per share. Quarterly net income of \$14.0 million, or \$0.30 per share, was impacted both by the implementation of new IFRS standards and the run-off of a US program.

Expansion of distribution relationships and maturation of our platform drove increased market share and resulted in insurance revenue growth of 58.3%. In Canada, disciplined underwriting yielded a combined ratio of 80.7%. Our US fronting business produced \$459.3 million of insurance revenue and reported deferred fee income of \$35.9 million.

Net investment income grew 150.3% in the quarter, reflecting higher yields and an increased size of the investment portfolio.

Our business remains well-capitalized, supported by surplus cash, a \$50 million undrawn revolver, a 12.8% debt to capital ratio and a conservatively positioned investment portfolio.

#### Financial Highlights

- ✓ Insurance revenue growth of 58.3% in Q1 2023 reflected sustained momentum across North America.
- ✓ Net income of \$14.0 million in the quarter fell compared to prior period as a result of losses on the run-off of a US program. Operating net income<sup>(1)</sup> of \$28.6 million in the quarter grew by 38.5% compared to prior period, driven by profitable growth in Canada and core operations in the US.
- ✓ EPS of \$0.30 in Q1 2023 compared to \$0.55 in Q1 2022. Operating EPS<sup>(2)</sup> of \$0.61 for the quarter compared to \$0.49 in the prior year.
- ✓ Book value per share<sup>(3)</sup> of \$11.15 increased 25.4% from March 31, 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 of 4.1% compared to 18.7% in Q1 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 of 20.6% 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	Q1 2023	Q1 2022	Variance
Insurance revenue	639.1	403.7	58.3%
Net income	14.0	23.3	(40.1%)
Operating net income <sup>(1)</sup>	28.6	20.7	38.5%
EPS – diluted, \$	0.30	0.55	(45.5%)
Operating EPS – diluted, \$ <sup>(2)</sup>	0.61	0.49	24.5%
Book value per share, \$ <sup>(3)</sup>	11.15	8.89	25.4%
Debt-to-Capital ratio <sup>(3)(10)</sup>	12.8%	17.4%	(4.6pts)
LTM ROE	4.1%	18.7%	(14.6pts)
Operating LTM ROE <sup>(4)</sup>	20.6%	18.2%	2.4pts
Combined ratio – Canada	80.7%	77.2%	3.5pts
Fronting operational ratio – US <sup>(3)</sup>	111.1%	70.8%	40.3pts
Adjusted Fronting operational ratio – US <sup>(5)</sup>	86.0%	N/A	N/A

### Insurance Operations

- Insurance revenue in Canada increased by 33.2% in the quarter, 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 80.7% and an ROE of 28.4% in Q1 2023.
- Insurance revenue in the US of \$459.3 million in the quarter, increased by 70.9%, reflecting favourable market conditions and maturation of existing programs. Fee income<sup>(6)</sup> of \$18.0 million in the quarter increased by 29.6% compared to \$13.9 million in Q1 2022. Net loss of (\$1.7) million in the quarter was driven by losses on the run-off of a US program. The negative ROE was driven by the write down on reinsurance recoverables in Q4 2022 and losses on the run-off program. Excluding the write down and run-off, adjusted net income in Q1 2023 was \$9.9 million driving a 12.8% adjusted ROE.

### Capital

- The Minimum Capital Test ratio<sup>(7)</sup> of our regulated Canadian subsidiary was 240% as at March 31, 2023 (233% as at December 31, 2022), which comfortably exceeded regulatory requirements<sup>(8)</sup> 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 12.8% as at March 31, 2023 is below our long-term target of 20.0%.
- Surplus cash and an undrawn \$50 million revolving credit facility.



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### **Investments**

- Interest and dividend income rose 150.3% in the quarter compared to Q1 2022. The portfolio benefited from higher yields and increased capital generated from strong operational performance and the July 2022 equity raise.

### **Governance**

- Appointed Anik Lanthier to the Company's Board of Directors.

### **Earnings Conference Call**

Trisura will host its First Quarter Earnings Conference Call to review financial results at 9:00 a.m. ET on Friday, May 12<sup>th</sup>, 2023.

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

<https://edge.media-server.com/mmc/p/strobz89>

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

### **Investor Day**

Immediately following the Company's Annual General Meeting, which will be held on Thursday, June 1<sup>st</sup>, 2023 at 2:00 pm (Eastern Time) at the North Tower, 200 Bay Street, Suite 1600 in Toronto, Trisura will host an investor presentation to discuss long-term strategy and market conditions.

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

<https://web.lumiagm.com/448062087>



## **PRESS RELEASE**

### **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](http://www.sedar.com).

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## PRESS RELEASE

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

As at	March 31, 2023	December 31, 2022
Cash and cash equivalents	368,210	406,368
Investments	824,365	765,375
Other Assets	45,863	61,852
Reinsurance contract assets	1,702,484	1,527,799
Capital assets and intangible assets	18,691	19,529
Deferred tax assets	17,461	17,942
<b>Total assets</b>	<b>2,977,074</b>	<b>2,798,865</b>
Insurance contract liabilities	2,318,964	2,165,103
Other liabilities	70,652	65,111
Loan payable	75,000	75,000
<b>Total liabilities</b>	<b>2,464,616</b>	<b>2,305,214</b>
Shareholders' equity	512,458	493,651
<b>Total liabilities and shareholders' equity</b>	<b>2,977,074</b>	<b>2,798,865</b>



## PRESS RELEASE

**Trisura Group Ltd.**  
**Condensed Interim Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31**  
(in thousands of Canadian dollars, except as otherwise noted)

	Q1 2023	Q1 2022
Insurance revenue	639,100	403,669
Insurance service expenses	(500,443)	(313,450)
Net expense from reinsurance contracts assets	(122,942)	(63,313)
<b>Insurance service result</b>	16,715	26,906
Net investment income	10,071	4,023
Net losses	(2,215)	(474)
Net credit impairment losses	(149)	-
Finance (expenses) income from insurance contracts	(36,628)	8,822
Finance income (expenses) from reinsurance contracts	31,902	(8,065)
<b>Net Insurance and investment result</b>	19,696	31,212
Other income	5,178	4,342
Other operating expenses	(5,432)	(4,335)
Other finance costs	(600)	(591)
<b>Income before income taxes</b>	18,842	30,628
Income tax expense	(4,866)	(7,290)
<b>Net income</b>	13,976	23,338
Other comprehensive income (loss)	5,921	(21,054)
<b>Comprehensive income</b>	19,897	2,284



## PRESS RELEASE

**Trisura Group Ltd.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the three months ended March 31**  
(in thousands of Canadian dollars, except as otherwise noted)

	Q1 2023	Q1 2022
<b>Net income</b>	13,976	23,338
Non-cash items	5,232	6,096
Change in working capital	(1,046)	1,009
Realized losses (gains)	245	(3,053)
Income taxes paid	(3,837)	(11,634)
Interest paid	(127)	(499)
<b>Net cash from operating activities</b>	<b>14,443</b>	<b>15,257</b>
Proceeds on disposal of investments	31,601	53,589
Purchases of investments	(79,987)	(100,983)
Net purchases of capital and intangible assets	(177)	(290)
<b>Net cash used in investing activities</b>	<b>(48,563)</b>	<b>(47,684)</b>
Shares issued	711	551
Shares purchased under Restricted Share Units plan	(869)	(2,106)
Lease payments	(512)	(502)
<b>Net cash from financing activities</b>	<b>(670)</b>	<b>(2,057)</b>
<b>Net decrease in cash and cash equivalents, and short-term securities during the period</b>	<b>(34,790)</b>	<b>(34,484)</b>
Cash and cash equivalents, beginning of period	406,368	341,319
Currency translation	(3,368)	(2,371)
<b>Cash and cash equivalents, and short-term securities, end of period</b>	<b>368,210</b>	<b>304,464</b>



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### Non-IFRS Financial Measures

**Table 1 – Reconciliation of reported Net income to Operating net income<sup>(3)</sup>:** reflect Net income, adjusted for certain items to normalize earnings to core operations in order to better reflect our North American specialty operations.

	Q1 2023	Q1 2022
<b>Net income</b>	13,976	23,338
Adjustments:		
Run-off Program	14,691	-
Impact of share based compensation	(3,370)	(3,142)
Finance expenses (income) from insurance and reinsurance contracts	4,726	(757)
Net losses	2,215	474
Net credit impairment losses	149	-
Net losses from life annuity	-	77
Tax impact of above items	(3,774)	667
<b>Operating net income</b>	<b>28,613</b>	20,657

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

	Q1 2023	Q1 2022
LTM net income	18,433	64,291
LTM average equity	449,417	342,987
<b>ROE</b>	<b>4.1%</b>	18.7%
Operating LTM net income <sup>(4)</sup>	92,666	62,445
LTM average equity	449,417	342,987
<b>Operating LTM ROE</b>	<b>20.6%</b>	18.2%

**Table 3 – Reconciliation of Average equity<sup>(9)</sup> to LTM average equity:** LTM average equity is used in calculating Operating ROE.

	Q1 2023	Q1 2022
<b>Average equity</b>	439,502	332,856
Adjustments: days in quarter proration	9,915	10,131
<b>LTM average equity</b>	<b>449,417</b>	342,987





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### Footnotes

(1) See section on Non-IFRS financial measures, Reconciliation of reported Net income to Operating net income. 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) This is a non-IFRS ratio, see table 10.2 in Q1 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](http://www.sedar.com).

(3) This is a supplementary financial measure. Refer to Q1 2023 MD&A, Section 10, Operating Metrics table for its composition.

(4) This is a non-IFRS ratio. See table 10.4 in Q1 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.

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

(6) This is a non-IFRS financial measure. See table 10.5.5 in Q1 2023 MDA for details on composition.

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

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

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

(10) The Q1 2022 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 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: 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 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 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 months ended March 31, 2023. To access MD&A, see Trisura's website or SEDAR at [www.sedar.com](http://www.sedar.com). These measures are pursuant to National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure.*