



PRESS RELEASE

TRISURA GROUP REPORTS FOURTH QUARTER AND 2023 ANNUAL RESULTS

TORONTO, February 8, 2024 — Trisura Group Ltd. (“Trisura” or “Trisura Group”) (TSX: TSU), a leading specialty insurance provider, today announced financial results for the fourth quarter and year ended December 31, 2023.

David Clare, President and CEO of Trisura, stated, “Trisura ended the year with strong operational performance. Operating net income of \$25.9 million in the quarter, or \$0.54 per share, was achieved through measured growth, profitable underwriting and enhanced investment income – supporting annual operating net income of over \$110 million. Quarterly Net income of \$11.3 million, or \$0.23 per share, was impacted by the run-off of a US program, partially offset by unrealized gains in the investment portfolio.

Maturation of our business and continued expansion with distribution partners drove insurance revenue growth of 26.7% in the quarter and 38.4% for the full year. In Canada, Q4 combined ratio of 85.8% was strong and contributed to an 81.1% full year combined ratio. Our US fronting platform has substantially navigated the run-off associated with the Q4 2022 write down. We have further rationalized our US program portfolio, which impacted fourth quarter results, though sets a firm foundation for profitability ahead.

Net investment income grew 71.0% in the quarter, reaching \$16.2 million through higher yields and an increased size of the investment portfolio.

Growth, strong earnings, and gains on the investment portfolio lifted book value to over \$619 million. Our business remains well-capitalized, supported by surplus capital, a \$50 million revolving credit facility, a 10.8% debt-to-capital ratio and a conservatively positioned investment portfolio.”

Financial Highlights

- ✓ Insurance revenue growth of 26.7% in Q4 2023 reflected sustained momentum across North America.
- ✓ Net income of \$11.3 million in the quarter was higher than Q4 2022 as a result of a write down on reinsurance recoverables in Q4 2022. Operating net income⁽¹⁾ of \$25.9 million in the quarter grew 10.0% compared to Q4 2022, driven by growth in core operations⁽²⁾, strong underwriting performance in Canada and increased investment income.
- ✓ EPS of \$0.23 in Q4 2023 compared to (\$0.87) in Q4 2022. Operating EPS⁽³⁾ of \$0.54 for the quarter compared to \$0.50 in the prior year.
- ✓ Book value per share⁽⁴⁾ of \$13.02 increased 21.0% from December 31, 2022, primarily the result of earnings in the Canadian operations, higher investment income and the equity raise in Q3 2023.
- ✓ ROE⁽⁴⁾ of 12.2% compared to 6.5% in Q4 2022, re-approaching our mid-teens target despite the costs of run-off this year. Operating ROE⁽⁵⁾ of 20.0% demonstrates the strength and potential of the platform.



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Amounts in C\$ millions	Q4 2023	Q4 2022	Variance	2023	2022	Variance
Insurance revenue	755.0	595.7	26.7%	2,789.2	2,014.9	38.4%
Net income	11.3	(40.7)	(127.8%)	66.9	27.8	140.8%
Operating net income ⁽¹⁾	25.9	23.5	10.0%	110.2	83.3	32.4%
EPS – diluted, \$	0.23	(0.87)	(126.4%)	1.42	0.63	125.4%
Operating EPS – diluted, \$ ⁽³⁾	0.54	0.50	8.0%	2.34	1.88	24.5%
Book value per share, \$ ⁽⁴⁾	13.02	10.76	21.0%	13.02	10.76	21.0%
Debt-to-Capital ratio ⁽⁴⁾⁽¹¹⁾	10.8%	13.2%	(2.4pts)	10.8%	13.2%	(2.4pts)
ROE ⁽⁴⁾	12.2%	6.5%	5.7pts	12.2%	6.5%	5.7pts
Operating ROE ⁽⁵⁾	20.0%	19.6%	0.4pts	20.0%	19.6%	0.4pts
Combined ratio – Canada	85.8%	83.4%	2.4pts	81.1%	80.7%	0.4pts
Fronting operational ratio – US ⁽⁴⁾	143.0%	242.8%	(99.8pts)	109.6%	128.3%	(18.7pts)
Fronting operational ratio excluding certain non-recurring items – US ⁽⁶⁾	106.0%	83.2%	22.8pts	90.3%	80.5%	9.8pts

Insurance Operations

- Insurance revenue in Canada of \$227.4 million in the quarter increased by 31.9% compared to Q4 2022, reflecting increased market share, expansion of distribution relationships, expanding fronting and growth of US Surety. Strong underwriting contributed to a Combined ratio of 85.8%, a ROE of 29.1% and Operating ROE of 29.2% in Q4 2023.
- Insurance revenue in the US of \$527.5 million in the quarter increased by 24.6%, compared to Q4 2022, reflecting favourable market conditions and maturation of existing programs. Fee income⁽⁷⁾ of \$22.2 million in the quarter increased by 14.5% compared to Q4 2022. Net loss of \$8.9 million was the result of costs related to the run-off. Operating net income of \$5.8 million supported a 13.6% Operating ROE.

Capital

- The Minimum Capital Test ratio⁽⁸⁾ of our regulated Canadian subsidiary was 251% as at December 31, 2023 (233% as at December 31, 2022), which comfortably exceeded regulatory requirements⁽⁹⁾ of 150%.
- As at December 31, 2023, the Risk-Based Capital of the regulated insurance companies of Trisura US are expected to be in excess of the various company action levels of the states in which they are licensed.
- Consolidated debt-to-capital ratio of 10.8% as at December 31, 2023 is below our long-term target of 20.0%.

Investments

- Net investment income rose 71.0% in the quarter compared to Q4 2022. The portfolio benefited from higher risk-adjusted yields, increased capital generated from strong operational performance and recent equity raises.



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Corporate Development

- On February 7, 2024, Trisura received regulatory approval for its previously announced acquisition of a Treasury-listed US surety company.

Earnings Conference Call

Trisura will host its Fourth Quarter Earnings Conference Call to review financial results at 9:00a.m. ET on Friday, February 9th, 2024.

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

<https://edge.media-server.com/mmc/p/z27khy8h>

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.sedarplus.ca.

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

As at	December 31, 2023	December 31, 2022
Cash and cash equivalents	604,016	406,368
Investments	890,157	765,375
Other assets	53,712	61,852
Reinsurance contract assets	2,003,589	1,527,799
Capital assets and intangible assets	16,657	19,529
Deferred tax assets	16,314	17,942
Total assets	3,584,445	2,798,865
Insurance contract liabilities	2,769,951	2,165,103
Other liabilities	120,065	65,111
Loan payable	75,000	75,000
Total liabilities	2,965,016	2,305,214
Shareholders' equity	619,429	493,651
Total liabilities and shareholders' equity	3,584,445	2,798,865



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Trisura Group Ltd.
Consolidated Statements of Comprehensive Income
For the three and twelve months ended December 31
(in thousands of Canadian dollars, except as otherwise noted)

	Q4 2023	Q4 2022	2023	2022
Insurance revenue	754,953	595,742	2,789,187	2,014,915
Insurance service expenses	(615,167)	(474,120)	(2,245,246)	(1,742,601)
Net expense from reinsurance contracts assets	(135,627)	(175,384)	(458,606)	(243,128)
Insurance service result	4,159	(53,762)	85,335	29,186
Net investment income	16,206	9,479	51,669	25,162
Net gains (losses)	8,132	4,112	(9,658)	8,802
Net credit impairment reversals	926	-	895	-
Total investment income	25,264	13,591	42,906	33,964
Finance (expenses) income from insurance contracts	(27,716)	(7,400)	(75,875)	4,582
Finance income (expenses) from reinsurance contracts	23,511	7,000	65,759	(2,765)
Net insurance finance (expenses) income	(4,205)	(400)	(10,116)	1,817
Net financial result	21,059	13,191	32,790	35,781
Net insurance and financial result	25,218	(40,571)	118,125	64,967
Other income	727	733	7,654	6,593
Other operating expenses	(10,346)	(9,742)	(32,947)	(29,171)
Other finance costs	(565)	(588)	(2,409)	(2,644)
Income (loss) before income taxes	15,034	(50,168)	90,423	39,745
Income tax expense	(3,714)	9,458	(23,482)	(11,950)
Net income (loss)	11,320	(40,710)	66,941	27,795
Operating net income	25,875	23,519	110,201	83,250
Other comprehensive income (loss)	8,452	(3,953)	6,328	(47,707)
Comprehensive income (loss)	19,772	(44,663)	73,269	(19,912)



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Trisura Group Ltd.
Consolidated Statements of Cash Flows
For the three and twelve months ended December 31
(in thousands of Canadian dollars, except as otherwise noted)

	Q4 2023	Q4 2022	2023	2022
Net income	11,320	(40,710)	66,941	27,795
Non-cash items	(11,727)	1,640	5,264	2,872
Write down on reinsurance recoverables	-	81,473	-	81,473
Change in working capital	100,302	13,050	194,038	82,619
Realized losses (gains)	1,769	(3,087)	3,950	(10,066)
Income taxes paid	(1,736)	(2,272)	(9,841)	(31,101)
Interest paid	(1,115)	(1,056)	(2,439)	(2,662)
Net cash from operating activities	98,813	49,038	257,913	150,930
Proceeds on disposal of investments	12,894	24,085	102,492	144,168
Purchases of investments	(41,001)	(50,712)	(219,121)	(384,030)
Net purchases of capital and intangible assets	32	(397)	(714)	(2,131)
Net cash used in investing activities	(28,075)	(27,024)	(117,343)	(241,993)
Shares issued	(63)	282	51,507	145,442
Shares purchased under Restricted Share Units plan	436	221	(1,409)	(1,946)
Loans received	-	-	-	30,000
Loans repaid	-	-	-	(30,000)
Lease payments	(510)	(481)	(2,034)	(1,905)
Net cash (used in) from financing activities	(137)	22	48,064	141,591
Net increase in cash and cash equivalents, during the year	70,601	22,036	188,634	50,528
Cash and cash equivalents, beginning of year	531,484	384,553	406,368	341,319
Currency translation	1,931	(221)	9,014	14,521
Cash and cash equivalents, end of year	604,016	406,368	604,016	406,368



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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.

	Q4 2023	Q4 2022	2023	2022
Net income	11,320	(40,710)	66,941	27,795
Adjustments:				
Non-recurring items	23,744	81,473	47,181	81,473
Impact of share based compensation	1,589	3,991	(1,914)	1,484
Impact of movement in yield curve within Finance income from insurance and reinsurance contracts	2,071	255	723	(3,731)
Net (gains) losses	(8,132)	(4,112)	9,658	(8,802)
Net credit impairment reversals	(926)	-	(895)	-
Tax impact of above items	(3,791)	(17,378)	(11,493)	(14,969)
Operating net income	25,875	23,519	110,201	83,250

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

	Q4 2023	Q4 2022
LTM net income	66,941	27,795
LTM average equity	549,672	425,593
ROE	12.2%	6.5%
Operating LTM net income ⁽⁵⁾	110,201	83,250
LTM average equity	549,672	425,593
Operating LTM ROE	20.0%	19.6%

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

	Q4 2023	Q4 2022
Average equity	556,538	429,869
Adjustments: days in quarter proration	(6,866)	(4,276)
LTM average equity	549,672	425,593



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Footnotes

(1) See section on Non-IFRS financial measures table 10.2.1 in Q4 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 Q4 2023 MD&A for the definition of Operating Net Income, and for further explanation of “core operations”.

(3) This is a non-IFRS ratio, see table 10.2 in Q4 2023 MD&A for details on composition, as well as each non-IFRS financial measure used as a component of the 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.sedarplus.ca.

(4) This is a supplementary financial measure. Refer to Q4 2023 MD&A, Section 10, Operating Metrics table for its composition.

(5) This is a non-IFRS ratio. See table 10.4 in Q4 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 Q4 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 Q4 2022 and Q4 2022 YTD metric has not been restated to reflect the adoption of IFRS 9.



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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 legislation. 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 our 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,” “potential” 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; 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; risks relating to cyber-security; risks relating to credit ratings; 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 and information, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, our 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, our 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, our 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 our Company's current MD&A, for the three and twelve months ended December 31, 2023. To access MD&A, see Trisura's website or SEDAR+ at www.sedarplus.ca. These measures are pursuant to National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure.