



**TRISURA<sup>®</sup>**

**Trisura Group Ltd.**

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Condensed Interim Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2024

# 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, 2024</b>	<b>December 31, 2023</b>
<b>Assets</b>			
Cash and cash equivalents		<b>405,590</b>	604,016
Investments	4,6	<b>1,087,756</b>	890,157
Other assets	8	<b>32,539</b>	53,712
Reinsurance contract assets	7.2	<b>2,329,410</b>	2,003,589
Capital assets and intangible assets		<b>29,496</b>	16,657
Deferred tax assets		<b>34,602</b>	16,314
<b>Total assets</b>		<b>3,919,393</b>	3,584,445
<b>Liabilities</b>			
Insurance contract liabilities	7.1	<b>2,978,858</b>	2,769,951
Other liabilities	9	<b>147,081</b>	120,065
Loan payable	11	<b>98,268</b>	75,000
		<b>3,224,207</b>	2,965,016
<b>Shareholders' equity</b>			
Common shares	12	<b>480,400</b>	481,023
Contributed surplus		<b>7,988</b>	7,491
Retained earnings		<b>207,148</b>	143,574
Accumulated other comprehensive loss		<b>(350)</b>	(12,659)
		<b>695,186</b>	619,429
<b>Total liabilities and shareholders' equity</b>		<b>3,919,393</b>	3,584,445

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

# TRISURA GROUP LTD.

## Condensed Interim Consolidated Statements of Income (unaudited)

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

For the three and six months ended June 30,	Note	Three months		Six months	
		2024	2023	2024	2023
Insurance revenue	7.1	772,249	664,420	1,516,515	1,303,520
Insurance service expenses		(582,657)	(567,217)	(1,163,597)	(1,067,660)
Net expense from reinsurance contracts assets	7.2	(158,187)	(57,491)	(286,065)	(179,433)
<b>Insurance service result</b>		<b>31,405</b>	39,712	<b>66,853</b>	56,427
Net investment income	14	16,902	11,899	33,655	21,970
Net gains (losses)	15	462	(6,867)	12,738	(9,082)
Net credit impairment (losses) reversals	4.2	(150)	376	(1,980)	227
<b>Total investment income</b>		<b>17,214</b>	5,408	<b>44,413</b>	13,115
Finance expenses from insurance contracts		(5,493)	(10)	(42,151)	(36,638)
Finance income (expenses) from reinsurance contracts		3,894	(277)	36,694	31,625
<b>Net insurance finance expenses</b>		<b>(1,599)</b>	(287)	<b>(5,457)</b>	(5,013)
<b>Net financial result</b>		<b>15,615</b>	5,121	<b>38,956</b>	8,102
<b>Net insurance and financial result</b>		<b>47,020</b>	44,833	<b>105,809</b>	64,529
Other income		837	902	6,182	6,080
Other operating expenses		(10,060)	(10,075)	(25,072)	(15,507)
Other finance costs	11.2	(711)	(601)	(1,325)	(1,201)
<b>Income before income taxes</b>		<b>37,086</b>	35,059	<b>85,594</b>	53,901
Income tax expense	17	(9,945)	(8,252)	(22,020)	(13,118)
<b>Net income attributable to shareholders</b>		<b>27,141</b>	26,807	<b>63,574</b>	40,783
Weighted average number of common shares outstanding during the period (in thousands) – basic		47,697	45,959	47,647	45,923
Earnings per common share (in dollars) – basic	13	0.57	0.58	1.33	0.89
Earnings per common share (in dollars) – diluted	13	0.56	0.57	1.31	0.87

See accompanying notes to the Condensed Interim Consolidated Financial Statements

# TRISURA GROUP LTD.

## Condensed Interim Consolidated Statements of Comprehensive Income (unaudited)

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

For the three and six months ended June 30,	Note	Three months		Six months	
		2024	2023	2024	2023
<b>Net income attributable to shareholders</b>		<b>27,141</b>	26,807	<b>63,574</b>	40,783
Items that may be or are reclassified subsequently to Net income					
Net unrealized (losses) gains on FVOCI investments		<b>(670)</b>	(2,689)	<b>(2,364)</b>	4,044
Income tax (expense) benefit		<b>(69)</b>	698	<b>291</b>	(1,058)
FVOCI amounts		<b>(739)</b>	(1,991)	<b>(2,073)</b>	2,986
Net realized losses (gains)		<b>864</b>	(1,479)	<b>775</b>	(766)
Net credit impairment losses (reversals)	4.2	<b>150</b>	(376)	<b>1,980</b>	(227)
Income tax (expense) benefit		<b>(57)</b>	283	<b>(489)</b>	233
Items reclassified to Net income		<b>957</b>	(1,572)	<b>2,266</b>	(760)
Net unrealized gains (losses) on FVOCI investments		<b>320</b>	(279)	<b>3,286</b>	378
Net realized losses on FVOCI investments		<b>(168)</b>	-	<b>(168)</b>	(96)
Income tax (expense) benefit on FVOCI investments		<b>(58)</b>	193	<b>(793)</b>	(23)
Items that will not be reclassified to Net income		<b>94</b>	(86)	<b>2,325</b>	259
Items other than Cumulative translation gain (loss)		<b>312</b>	(3,649)	<b>2,518</b>	2,485
Cumulative translation gain (loss)		<b>3,058</b>	(6,222)	<b>9,791</b>	(6,435)
<b>Other comprehensive income (loss)</b>		<b>3,370</b>	(9,871)	<b>12,309</b>	(3,950)
<b>Total comprehensive income</b>		<b>30,511</b>	16,936	<b>75,883</b>	36,833

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)

	Note	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (net of income taxes)	Total
<b>Balance as at January 1, 2024</b>		481,023	7,491	143,574	(12,659)	<b>619,429</b>
Net income		-	-	63,574	-	<b>63,574</b>
Other comprehensive income		-	-	-	12,309	<b>12,309</b>
Total comprehensive income		-	-	63,574	12,309	<b>75,883</b>
Share issuance	12	2,579	-	-	-	<b>2,579</b>
Shares purchased under Restricted Share Units ("RSUs") plan	12	(3,202)	-	-	-	<b>(3,202)</b>
Share based payments		-	497	-	-	<b>497</b>
<b>Balance as at June 30, 2024</b>		<b>480,400</b>	<b>7,988</b>	<b>207,148</b>	<b>(350)</b>	<b>695,186</b>

		Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (net of income taxes)	Total
Balance at January 1, 2023, as restated		430,262	5,743	76,633	(18,987)	493,651
Net income		-	-	40,783	-	40,783
Other comprehensive loss		-	-	-	(3,950)	(3,950)
Total comprehensive income (loss)		-	-	40,783	(3,950)	36,833
Share issuance		711	-	-	-	711
Shares purchased under Restricted Share Units ("RSUs") plan		(1,670)	-	-	-	(1,670)
Share based payments		-	155	-	-	155
Balance as at June 30, 2023		429,303	5,898	117,416	(22,937)	529,680

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)

For the six months ended June 30,	Note	2024	2023
<b>Operating activities</b>			
Net income		63,574	40,783
Items not involving cash:			
Depreciation and amortization		432	868
Unrealized (gains) losses		(8,791)	6,974
Net credit impairment losses (reversals)	4.2	1,980	(227)
Stock options granted		765	618
Change in working capital	18	(85,549)	(36,339)
Realized losses on investments		723	441
Income taxes paid		(13,676)	(7,673)
Interest paid		(1,294)	(1,239)
<b>Net cash flows (used in) from operating activities</b>		<b>(41,836)</b>	<b>4,206</b>
<b>Investing activities</b>			
Proceeds on disposal of investments		124,759	52,979
Purchases of investments		(292,316)	(125,768)
Purchases of capital assets		(2,332)	(230)
Acquisition of subsidiary	19	(15,015)	-
Purchases of intangible assets		(166)	(177)
<b>Net cash flows used in investing activities</b>		<b>(185,070)</b>	<b>(73,196)</b>
<b>Financing activities</b>			
Shares issued	12	2,579	711
Shares purchased under RSU plan	12	(3,202)	(1,670)
Loans received	11	23,268	-
Principal portion of lease payments		(1,130)	(1,022)
<b>Net cash flows from (used in) financing activities</b>		<b>21,515</b>	<b>(1,981)</b>
<b>Net decrease in cash and cash equivalents during the period</b>		<b>(205,391)</b>	<b>(70,971)</b>
Cash, beginning of period		559,741	381,484
Cash equivalents, beginning of period		44,275	24,883
Cash and cash equivalents, beginning of period		604,016	406,367
Impact of foreign exchange on cash and cash equivalents		6,965	5,429
Cash, end of period		381,168	329,140
Cash equivalents, end of period		24,422	11,685
<b>Cash and cash equivalents, end of period</b>		<b>405,590</b>	<b>340,825</b>

See accompanying notes to the Condensed Interim Consolidated Financial Statements

# 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 has investments in wholly owned subsidiaries through which it conducts insurance and reinsurance operations. Those operations are primarily in Canada and the United States.

The Company’s Canadian business operates as a Canadian property and casualty insurance company, licensed in all provinces and territories. Certain lines of the Canadian business operate as a fronting carrier with a large portion of gross premiums written ceded to reinsurers. The Company’s US business is a domestic surplus lines insurer that can write business as a non-admitted surplus line insurer in all states and admitted business in most states. The US business primarily operates as a hybrid fronting carrier where a large portion of its gross premiums written are ceded to reinsurers.

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 have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). The Condensed Interim Consolidated Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2023. These statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Condensed 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 Condensed Interim Consolidated Financial Statements were authorized for issuance by the Company’s Board of Directors on August 1, 2024.

### Note 3 – Summary of material accounting policies

The accounting policies applied during the three and six months ended June 30, 2024 are the same as those described and disclosed in *Note 2 – Summary of material accounting policies* of the December 31, 2023 Consolidated Financial Statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### 3.1 IFRS 18 – Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosures in Financial Statements*, which will replace IAS 1 *Presentation of Financial Statements*. IFRS 18 enhances disclosure requirements in the following areas: the statement of profit and loss, aggregation and disaggregation of financial information, and management-defined performance measures. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and will be applied retrospectively. The Company is currently assessing potential impacts of this new standard on the presentation and disclosure of the 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, short-term securities and investments:

As at June 30, 2024	FVOCI	FVTPL	Amortized Cost	Total
Cash and cash equivalents	-	-	405,590	405,590
Investments				
Short-term securities	-	-	7,500	7,500
Fixed income <sup>(1)</sup>	712,093	144,363	4,500	860,956
Common shares	-	37,756	-	37,756
Preferred shares	54,335	65,094	-	119,429
Alternatives	-	62,115	-	62,115
<b>Total investments</b>	<b>766,428</b>	<b>309,328</b>	<b>12,000</b>	<b>1,087,756</b>
<b>Total cash, cash equivalents and investments</b>	<b>766,428</b>	<b>309,328</b>	<b>417,590</b>	<b>1,493,346</b>

As at December 31, 2023	FVOCI	FVTPL	Amortized Cost	Total
Cash and cash equivalents	-	-	604,016	604,016
Investments				
Short-term securities	-	-	7,500	7,500
Fixed income <sup>(1)</sup>	527,880	144,815	2,500	675,195
Common shares	-	35,412	-	35,412
Preferred shares	50,068	65,204	-	115,272
Alternatives	-	56,778	-	56,778
<b>Total investments</b>	<b>577,948</b>	<b>302,209</b>	<b>10,000</b>	<b>890,157</b>
<b>Total cash, cash equivalents and investments</b>	<b>577,948</b>	<b>302,209</b>	<b>614,016</b>	<b>1,494,173</b>

(1) As at June 30, 2024, included in Fixed income are exchange-traded debt funds amounting to \$134,986 (December 31, 2023 - \$138,754).

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

The amortized cost and carrying value of investments as at June 30, 2024 and December 31, 2023 were as follows:

As at June 30, 2024	FVTPL	FVOCI and amortized cost investments				Total
	investments	investments				investments
	At carrying value	Amortized cost	Unrealized gains	Unrealized losses	Carrying value	At carrying value
Short-term securities	-	7,500	-	-	7,500	7,500
Fixed income	144,363	731,946	-	(15,353)	716,593	860,956
Common shares	37,756	-	-	-	-	37,756
Preferred shares	65,094	57,368	-	(3,033)	54,335	119,429
Alternatives	62,115	-	-	-	-	62,115
	<b>309,328</b>	<b>796,814</b>	<b>-</b>	<b>(18,386)</b>	<b>778,428</b>	<b>1,087,756</b>

# TRISURA GROUP LTD.

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

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

### Note 4 – Investments (Continued)

As at December 31, 2023	FVTPL	FVOCI and amortized cost investments				Total
	investments					investments
	At carrying value	Amortized cost	Unrealized gains	Unrealized losses	Carrying value	At carrying value
Short-term securities	-	7,500	-	-	7,500	7,500
Fixed income	144,815	543,868	-	(13,488)	530,380	675,195
Common shares	35,412	-	-	-	-	35,412
Preferred shares	65,204	56,303	-	(6,235)	50,068	115,272
Alternatives	56,778	-	-	-	-	56,778
	302,209	607,671	-	(19,723)	587,948	890,157

The ECL of \$5,272 as at June 30, 2024 (June 30, 2023 – \$3,960) does not reduce the carrying amount of these investments in the Condensed Interim Consolidated Statements of Financial Position. The movement in ECL is recognized in Other comprehensive income (loss) as Net credit impairment losses (reversals).

#### Impairment losses on financial investments subject to impairment assessment

For the six months ended June 30, 2024 and 2023, an analysis of changes in the fair value and the corresponding ECL is as follows:

	For the period ended June 30, 2024			For the period ended June 30, 2023		
	12mECL	LTECL	Total	12mECL	LTECL	Total
<b>Beginning fair value</b>	<b>527,130</b>	<b>750</b>	<b>527,880</b>	441,932	656	442,588
New assets purchased	281,089	-	281,089	85,318	-	85,318
Assets derecognized or matured	(106,342)	-	(106,342)	(34,680)	-	(34,680)
Change in fair value	1,970	(678)	1,292	(1,145)	(100)	(1,245)
Net foreign exchange income	8,174	-	8,174	(4,574)	(12)	(4,586)
Movement between 12mECL and LTECL	(4,504)	4,504	-	(771)	771	-
<b>Ending fair value</b>	<b>707,517</b>	<b>4,576</b>	<b>712,093</b>	486,080	1,315	487,395

	For the period ended June 30, 2024			For the period ended June 30, 2023		
	12mECL	LTECL	Total	12mECL	LTECL	Total
<b>Beginning ECL</b>	<b>3,193</b>	<b>99</b>	<b>3,292</b>	3,935	252	4,187
New assets purchased	1,045	-	1,045	352	-	352
Assets derecognized or matured	(460)	-	(460)	(137)	-	(137)
Movement in ECL	472	923	1,395	(329)	(113)	(442)
Movement between 12mECL and LTECL	(981)	981	-	(92)	92	-
<b>Ending ECL</b>	<b>3,269</b>	<b>2,003</b>	<b>5,272</b>	3,729	231	3,960

### 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. As at June 30, 2024, the Company has pledged cash amounting to \$511 (December 31, 2023 – \$479), under insurance and reinsurance trust arrangements and are therefore not readily available for general use by the Company.

As at June 30, 2024, the Company pledged \$7,437 (December 31, 2023 – \$7,212) of fixed income investments, and \$569 (December 31, 2023 – \$ nil) of cash and cash equivalents, as security deposits to various US state insurance departments to be held in trust for various states and are therefore not readily available for general use by the Company.

# TRISURA GROUP LTD.

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

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

### 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, 2024 and December 31, 2023:

As at	June 30, 2024			December 31, 2023		
	Notional amount	Fair value		Notional amount	Fair value	
Asset		Liability	Asset		Liability	
<b>Foreign currency contracts</b>						
Forwards	146,129	-	1,826	136,312	1,052	-
<b>Equity contracts</b>						
Swap agreement	10,592	13,093	-	11,088	10,907	-
	<b>156,721</b>	<b>13,093</b>	<b>1,826</b>	<b>147,400</b>	<b>11,959</b>	<b>-</b>
<b>Term to maturity</b>						
less than one year	156,721	13,093	1,826	136,762	2,396	-
from one to five years	-	-	-	10,638	9,563	-

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. The notional amounts of the forwards as at June 30, 2024 are \$103,681 USD (December 31, 2023 – \$97,664 USD), €1,545 EUR (December 31, 2023 – €1,477 EUR) and £2,466 GBP (December 31, 2023 – £2,349 GBP). The Company also uses swap agreements to mitigate exposure to equity market fluctuations associated with its share based compensation. These derivatives are recorded at fair value (see Note 6, Note 8, Note 9) and gains and losses are recorded in Net gains (losses) (see Note 15).

# 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, 2024 and December 31, 2023:

As at June 30, 2024	Total fair value	Level 1	Level 2	Level 3
Fixed income	856,456	-	856,456	-
Common shares	37,756	37,756	-	-
Preferred shares	119,429	110,107	9,322	-
Alternatives	62,115	-	-	62,115
<b>Total investments</b>	<b>1,075,756</b>	<b>147,863</b>	<b>865,778</b>	<b>62,115</b>
Derivative financial assets	13,093	-	13,093	-
<b>Total assets</b>	<b>1,088,849</b>	<b>147,863</b>	<b>878,871</b>	<b>62,115</b>
Derivative financial liabilities	1,826	-	1,826	-
<b>Total liabilities</b>	<b>1,826</b>	<b>-</b>	<b>1,826</b>	<b>-</b>

  

As at December 31, 2023	Total fair value	Level 1	Level 2	Level 3
Fixed income	672,695	-	672,695	-
Common shares	35,412	35,412	-	-
Preferred shares	115,272	115,272	-	-
Alternatives	56,778	-	-	56,778
<b>Total investments</b>	<b>880,157</b>	<b>150,684</b>	<b>672,695</b>	<b>56,778</b>
Derivative financial assets	11,959	-	11,959	-
<b>Total assets</b>	<b>892,116</b>	<b>150,684</b>	<b>684,654</b>	<b>56,778</b>

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the hierarchy as at June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Balance at beginning of period	56,778	47,139
Realized and unrealized losses	(843)	(5,787)
Purchase of securities	4,185	16,378
Foreign exchange	1,995	(952)
<b>Balance at end of period</b>	<b>62,115</b>	<b>56,778</b>

# TRISURA GROUP LTD.

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

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

### Note 7 – Insurance and reinsurance contracts

#### 7.1 Roll-forward of net liability for insurance contracts issued showing LRC and LIC

Insurance operations	2024			Total
	LRC	LIC	Risk adj. for non-financial risk	
		Present value of future cash flows		
<b>Opening insurance contract liabilities, as at January 1</b>	<b>700,843</b>	<b>1,841,713</b>	<b>227,395</b>	<b>2,769,951</b>
Insurance revenue	(1,516,515)	-	-	(1,516,515)
Insurance service expenses:				
Incurred claims and other directly attributable expenses	27,985	705,965	76,496	810,446
Changes that relate to past service	-	(22,230)	(48,111)	(70,341)
Insurance acquisition cash flows amortization	423,492	-	-	423,492
<b>Insurance service result from insurance contracts</b>	<b>(1,065,038)</b>	<b>683,735</b>	<b>28,385</b>	<b>(352,918)</b>
Finance expense from insurance contracts	-	42,151	-	42,151
Effects of exchange rate movements	15,530	53,618	7,037	76,185
<b>Total amounts recognized in Comprehensive income</b>	<b>(1,049,508)</b>	<b>779,504</b>	<b>35,422</b>	<b>(234,582)</b>
Cash flows:				
Premiums received	1,404,977	-	-	1,404,977
Claims and other directly attributable expenses paid	-	(556,226)	-	(556,226)
Insurance acquisition cash flows	(405,262)	-	-	(405,262)
<b>Total cash flows</b>	<b>999,715</b>	<b>(556,226)</b>	<b>-</b>	<b>443,489</b>
<b>Ending balance of Insurance contract liabilities as at June 30, 2024</b>	<b>651,050</b>	<b>2,064,991</b>	<b>262,817</b>	<b>2,978,858</b>

Insurance operations	2023			Total
	LRC	LIC	Risk adj. for non-financial risk	
		Present value of future cash flows		
<b>Opening insurance contract liabilities, as at January 1</b>	<b>654,686</b>	<b>1,349,319</b>	<b>161,098</b>	<b>2,165,103</b>
Insurance revenue	(1,303,520)	-	-	(1,303,520)
Insurance service expenses:				
Incurred claims and other directly attributable expenses	22,698	642,420	57,683	722,801
Changes that relate to past service	-	15,845	(27,011)	(11,166)
Insurance acquisition cash flows amortization	356,025	-	-	356,025
<b>Insurance service result from insurance contracts</b>	<b>(924,797)</b>	<b>658,265</b>	<b>30,672</b>	<b>(235,860)</b>
Finance expense from insurance contracts	-	36,638	-	36,638
Effects of exchange rate movements	(10,136)	(28,439)	(3,574)	(42,149)
<b>Total amounts recognized in Comprehensive income</b>	<b>(934,933)</b>	<b>666,464</b>	<b>27,098</b>	<b>(241,371)</b>
Cash flows:				
Premiums received	1,357,227	-	-	1,357,227
Claims and other directly attributable expenses paid	-	(468,265)	-	(468,265)
Insurance acquisition cash flows	(380,302)	-	-	(380,302)
<b>Total cash flows</b>	<b>976,925</b>	<b>(468,265)</b>	<b>-</b>	<b>508,660</b>
<b>Ending balance of Insurance contract liabilities as at June 30, 2023</b>	<b>696,678</b>	<b>1,547,518</b>	<b>188,196</b>	<b>2,432,392</b>

# TRISURA GROUP LTD.

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

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

### Note 7 – Insurance and reinsurance contracts (Continued)

As at June 30, 2024, the liability for incurred claims, including the risk adjustment, was calculated at a 73% level of confidence (December 31, 2023 - 73%).

Discount rates applied for discounting of future cash flows are listed below:

Insurance contracts issued and reinsurance contracts	Currency	As at June 30, 2024					As at December 31, 2023				
		1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
	CAD	5.27%	4.91%	5.16%	5.31%	5.16%	5.39%	4.75%	4.79%	4.91%	4.78%
	USD	5.59%	5.19%	5.23%	5.36%	5.08%	6.02%	4.72%	4.54%	4.21%	3.97%

### 7.2 Roll-forward of net asset for reinsurance contracts held showing Asset for remaining coverage (ARC) and Asset for incurred claims (AIC)

Reinsurance contracts held	2024			Total
	ARC	AIC		
		Present value of future cash flows	Risk adj. for non-financial risk	
Opening reinsurance contract assets	300,000	1,590,376	201,599	2,091,975
Opening reinsurance contract liabilities	(88,386)	-	-	(88,386)
<b>Net opening balance, as at January 1</b>	<b>211,614</b>	<b>1,590,376</b>	<b>201,599</b>	<b>2,003,589</b>
Allocation of reinsurance premiums (ceding premiums paid)	(1,203,728)	-	-	(1,203,728)
Claims recovered:				
Amounts recoverable for incurred claims and other directly attributable expenses	309,091	587,528	66,963	963,582
Changes to amounts recoverable for incurred claims	-	(5,317)	(40,602)	(45,919)
<b>Net (expense) income from reinsurance contracts assets</b>	<b>(894,637)</b>	<b>582,211</b>	<b>26,361</b>	<b>(286,065)</b>
Finance income from reinsurance contracts	-	36,694	-	36,694
Effects of exchange rate movements	8,839	48,689	6,449	63,977
<b>Total amounts recognized in Comprehensive income</b>	<b>(885,798)</b>	<b>667,594</b>	<b>32,810</b>	<b>(185,394)</b>
Cash flows:				
Premiums paid, net of ceding commissions, and other directly attributable expenses paid	1,002,347	(491,132)	-	511,215
<b>Total cash flows</b>	<b>1,002,347</b>	<b>(491,132)</b>	<b>-</b>	<b>511,215</b>
<b>Ending balance of Reinsurance contract assets as at June 30, 2024</b>	<b>328,163</b>	<b>1,766,838</b>	<b>234,409</b>	<b>2,329,410</b>

# TRISURA GROUP LTD.

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

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

### Note 7 – Insurance and reinsurance contracts (Continued)

	2023			Total
	ARC	AIC		
Reinsurance contracts held		Present value of future cash flows	Risk adj. for non-financial risk	
Opening reinsurance contract assets	245,681	1,162,668	141,963	1,550,312
Opening reinsurance contract liabilities	(22,513)	-	-	(22,513)
Net opening balance, as at January 1	223,168	1,162,668	141,963	1,527,799
Allocation of reinsurance premiums (ceding premiums paid)	(972,071)	-	-	(972,071)
Claims recovered:				
Amounts recoverable for incurred claims and other directly attributable expenses	207,977	532,585	52,168	792,730
Changes to amounts recoverable for incurred claims	-	23,259	(23,351)	(92)
Net (expense) income from reinsurance contracts assets	(764,094)	555,844	28,817	(179,433)
Finance income from reinsurance contracts	-	31,625	-	31,625
Effects of exchange rate movements	(7,022)	(27,260)	(3,298)	(37,580)
Total amounts recognized in Comprehensive income	(771,116)	560,209	25,519	(185,388)
Cash flows:				
Premiums paid, net of ceding commissions, and other directly attributable expenses paid	910,449	(379,578)	-	530,871
Total cash flows	910,449	(379,578)	-	530,871
Ending balance of Reinsurance contract assets as at June 30, 2023	362,501	1,343,299	167,482	1,873,282

### 7.3 Reinsurance Contracts

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.

The Company's fronting operations cede the majority of the insurance revenue generated through it to third-party reinsurers. As such, reinsurance contract assets are significant to the Company's financial position, and the associated credit risk is monitored each reporting period.

Reinsurance does not relieve the Company of its obligations to policyholders. The Company's obligation to pay policyholders is not contingent on the reinsurers paying, or honouring 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 or contract disputes. Reinsurers providing reinsurance policies are generally required to have a minimum A.M. Best credit rating of A- at the inception of each policy or are otherwise required to post agreed upon levels of collateral. Unlicensed reinsurers must post an agreed upon level of collateral.

There is a provision for reinsurer non-performance of \$13,469 as at June 30, 2024 (December 31, 2023 – \$14,472).

# TRISURA GROUP LTD.

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

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

### Note 8 – Other assets

As at June 30, 2024 and December 31, 2023, Other assets consist of:

<b>As at</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Derivative financial assets	13,093	11,959
Accrued investment income	10,570	6,929
Tax recoveries	1,633	23,954
Prepaid expenses	1,380	2,008
Unsettled investments receivable	699	2,987
Other assets	5,164	5,875
	<b>32,539</b>	<b>53,712</b>

### Note 9 – Other liabilities

As at June 30, 2024 and December 31, 2023, Other liabilities consist of:

<b>As at</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Deposits in trust <sup>(1)</sup>	77,889	51,083
Accrued liabilities	20,849	26,457
Share based payment plan	11,796	9,742
Lease liabilities	9,971	9,698
Unsettled investments payable	7,492	-
Taxes payable	3,407	15,133
Derivative financial liabilities	1,826	-
Other liabilities	13,851	7,952
	<b>147,081</b>	<b>120,065</b>

(1) The Company periodically holds deposits in trust from reinsurers and other counterparties as a form of collateral.



# 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 10 – Capital management

The Company's capital is its shareholders' equity, which consists of common shares, contributed surplus, retained earnings 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.

In Canada, under guidelines established by the Office of the Superintendent of Financial Institutions which apply to the regulated Canadian insurance company of Trisura Specialty, 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 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 Specialty's target MCT level in accordance with these requirements.

In the US, the surplus lines and surety companies are subject to externally imposed regulatory capital requirements by either the Oklahoma Insurance Department or the New Jersey Department of Banking and Insurance, depending on the state in which the Trisura entity is domesticated. A requirement of the regulators is that the US insurance companies' Risk Based Capital exceed certain minimum thresholds as well as Company Action Levels (CALs), below which the companies would have to notify the regulators. In addition, the Company's carriers are subject to the various capital requirements of each US state in which it is licensed.

### Note 11 – Loan Payable

#### 11.1 Loan payable

The Company maintains a five-year revolving credit facility (the "Facility") with a Canadian Schedule I bank (the "Bank") which allows for drawings of up to \$75,000 (December 31, 2023 – \$50,000). Under this arrangement, the Company is able to draw funds in the form of Canadian prime rate advances, base rate advances, Canadian Overnight Repo Rate Average (CORRA) loans or Secured Overnight Financing Rate (SOFR) loans. The interest rate is based on the Canadian prime rate, base rate, CORRA or SOFR loans 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.

In Q3 2023, the Company issued a Letter of Credit for \$13,500 through this facility. On June 26, 2024, \$23,268 was drawn under the Facility. As at June 30, 2024, the loan balance is \$23,268 (December 31, 2023 – \$nil). The undrawn capacity is \$38,232 (December 31, 2023 – \$36,500).

As part of the covenants of the current loan arrangement, the Company is required to maintain certain financial ratios, which were fully met as at June 30, 2024 and December 31, 2023.

#### 11.2 Senior unsecured notes

In June 2021, the Company completed an offering of senior unsecured notes (the "Notes"), with a principal amount of \$75,000, which will mature on June 11, 2026. The Notes bear interest at a fixed annual rate of 2.64%. Interest is payable in semi-annual instalments which commenced on December 11, 2021. The Notes are direct unsecured obligations and will rank equally with all other unsecured and unsubordinated indebtedness of the Company.

# TRISURA GROUP LTD.

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

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

### Note 11 – Loan Payable (Continued)

The following table provides details of the total debt outstanding as at June 30, 2024 and December 31, 2023.

	Maturity date	Term (years)	Fixed rate	Coupon (payment)	Principal amount	Carrying value	
						Jun.30,2024	Dec.31,2023
<b>Loan payable</b>					23,268	<b>23,268</b>	-
<b>Senior unsecured notes</b>	June 11, 2026	5	2.64%	Jun, Dec	75,000	<b>75,000</b>	75,000
					98,268	<b>98,268</b>	75,000

For the three and six months ended June 30, 2024, the Company incurred \$711 and \$1,325 of interest expense respectively (June 30, 2023 – \$601 and \$1,201 respectively), of which \$449 and \$990 respectively (June 30, 2023 – \$450 and \$990 respectively) are related to the senior unsecured notes.

### Note 12 – 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, 2024 and December 31, 2023, no non-voting shares were issued and no preferred shares are outstanding.

In August 2023, the Company completed a public offering of 1,620,000 common shares for gross proceeds of \$53,298. The Company incurred costs of \$2,132 in commission paid to underwriters as well as \$371 of costs directly attributable to the share issuance, which have been deducted from equity. As at December 31, 2023, the net impact of the share issuance was an increase in common shares of \$51,458, net of tax impact of \$663 related to the share issuance costs.

For the six months ended June 30, 2024, 166,810 stock options (December 31, 2023 – 77,798 stock options) issued under the Company's existing stock option plan were exercised. Consideration paid by stock option holders to exercise the options resulted in an increase to share capital.

The following table shows the common shares issued and outstanding, excluding treasury shares:

As at	June 30, 2024		December 31, 2023	
	Number of common shares	Amount (in thousands)	Number of common shares	Amount (in thousands)
Balance, beginning of period	<b>47,439,770</b>	<b>481,023</b>	45,783,528	430,262
Shares under RSUs plan	<b>(53,281)</b>	<b>(3,202)</b>	(41,556)	(1,409)
Common shares issued	<b>166,810</b>	<b>2,579</b>	1,697,798	52,170
Balance, end of period	<b>47,553,299</b>	<b>480,400</b>	47,439,770	481,023

As part of the RSUs plan, the Company purchases its own shares which are classified as treasury shares and the costs of these shares are recorded as a reduction to equity. As at June 30, 2024, the Company has an aggregate of 47,745,845 common shares (December 31, 2023 – 47,579,035 common shares) outstanding, which includes 192,546 treasury shares (December 31, 2023 – 139,265 treasury shares).

# TRISURA GROUP LTD.

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

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### Note 13 – 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.

As at June 30,	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Net income attributable to common shareholders	27,141	26,807	63,574	40,783
Weighted-average number of common shares outstanding (in shares)	47,696,843	45,959,035	47,646,657	45,923,182
EPS – basic (in dollars)	0.57	0.58	1.33	0.89
Dilutive effect of the conversion of options on common shares (in shares)	857,820	822,411	835,293	816,930
Diluted weighted-average number of common shares outstanding (in shares)	48,554,663	46,781,446	48,481,950	46,740,112
EPS – diluted (in dollars)	0.56	0.57	1.31	0.87

### Note 14 – Net investment income

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Cash and cash equivalents, and short-term securities	5,530	3,177	12,417	5,688
FVOCI bonds	8,030	4,971	14,233	9,690
FVTPL bonds	1,660	1,586	3,443	2,750
<b>Interest income</b>	<b>15,220</b>	<b>9,734</b>	<b>30,093</b>	<b>18,128</b>
FVTPL common shares	589	1,101	1,535	1,910
FVTPL preferred shares	1,125	1,221	2,003	1,982
FVOCI preferred shares	819	593	1,593	1,324
<b>Dividend income</b>	<b>2,533</b>	<b>2,915</b>	<b>5,131</b>	<b>5,216</b>
Investment expenses	(851)	(750)	(1,569)	(1,374)
<b>Net investment income</b>	<b>16,902</b>	<b>11,899</b>	<b>33,655</b>	<b>21,970</b>

# TRISURA GROUP LTD.

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

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

### Note 15 – Net gains (losses)

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
FVOCI financial instruments:				
FVOCI fixed income	267	(2)	560	(375)
FVTPL financial instruments:				
FVTPL fixed income	(380)	(2,406)	(899)	(352)
FVTPL equity securities	479	(1,640)	6,602	(615)
FVTPL alternatives	(807)	(3,409)	(922)	(4,020)
	(441)	(7,457)	5,341	(5,362)
Derivatives:				
Swap agreements <sup>(1)</sup>	(54)	1,391	2,400	(2,563)
Embedded derivatives	(122)	1,230	(134)	888
Net foreign currency gains (losses)	1,079	(2,031)	5,131	(2,045)
<b>Net gains (losses)</b>	<b>462</b>	<b>(6,867)</b>	<b>12,738</b>	<b>(9,082)</b>

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

### Note 16 – Segmented information

As at June 30, 2024, the Company has two reportable segments. The operations of Trisura Specialty (formerly Trisura Canada) comprise Surety and Corporate Insurance business underwritten in both Canada and the United States, as well as Risk Solutions and Fronting products primarily underwritten in Canada. Trisura US Programs (formerly Trisura US) provides specialty fronting insurance solutions underwritten in the United States. There have been no changes to what is operationally reflected in the two segments.

The following tables show the results for the three and six months ended June 30, 2024 and 2023:

Three Months Ended June 30, 2024	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Insurance revenue	238,502	533,747	-	772,249
Insurance service expenses	(168,106)	(414,551)	-	(582,657)
Net expense from reinsurance contracts assets	(53,221)	(104,966)	-	(158,187)
Insurance service result	17,175	14,230	-	31,405
Net investment income	9,852	6,235	815	16,902
Net gains (losses)	872	(920)	510	462
Net credit impairment (losses) reversals	(643)	198	295	(150)
Total investment income	10,081	5,513	1,620	17,214
Finance expenses from insurance contracts	(4,626)	(867)	-	(5,493)
Finance income from reinsurance contracts	3,236	658	-	3,894
Net insurance finance expenses	(1,390)	(209)	-	(1,599)
Net financial result	8,691	5,304	1,620	15,615
Net insurance and financial result	25,866	19,534	1,620	47,020
Other income	837	-	-	837
Other operating expenses	(4,964)	(3,631)	(1,465)	(10,060)
Other finance costs	(67)	(78)	(566)	(711)
<b>Income (loss) before income taxes</b>	<b>21,672</b>	<b>15,825</b>	<b>(411)</b>	<b>37,086</b>

# TRISURA GROUP LTD.

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

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

### Note 16 – Segmented information (Continued)

Six Months Ended June 30, 2024	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Insurance revenue	460,358	1,056,157	-	<b>1,516,515</b>
Insurance service expenses	(322,542)	(841,055)	-	<b>(1,163,597)</b>
Net expense from reinsurance contracts assets	(99,847)	(186,218)	-	<b>(286,065)</b>
Insurance service result	37,969	28,884	-	<b>66,853</b>
Net investment income	18,851	12,944	1,860	<b>33,655</b>
Net gains	5,196	1,503	6,039	<b>12,738</b>
Net credit impairment (losses) reversals	(2,464)	184	300	<b>(1,980)</b>
Total investment income	21,583	14,631	8,199	<b>44,413</b>
Finance expenses from insurance contracts	(7,919)	(34,232)	-	<b>(42,151)</b>
Finance income from reinsurance contracts	5,531	31,163	-	<b>36,694</b>
Net insurance finance expenses	(2,388)	(3,069)	-	<b>(5,457)</b>
Net financial result	19,195	11,562	8,199	<b>38,956</b>
Net insurance and financial result	57,164	40,446	8,199	<b>105,809</b>
Other income	6,182	-	-	<b>6,182</b>
Other operating expenses	(10,810)	(8,638)	(5,624)	<b>(25,072)</b>
Other finance costs	(107)	(111)	(1,107)	<b>(1,325)</b>
<b>Income before income taxes</b>	<b>52,429</b>	<b>31,697</b>	<b>1,468</b>	<b>85,594</b>

  

Three Months Ended June 30, 2023	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Insurance revenue	196,568	467,852	-	664,420
Insurance service expenses	(140,884)	(426,221)	(112)	(567,217)
Net expense from reinsurance contracts assets	(35,356)	(22,135)	-	(57,491)
Insurance service result	20,328	19,496	(112)	39,712
Net investment income	5,682	5,662	555	11,899
Net losses	(4,410)	(2,441)	(16)	(6,867)
Net credit impairment reversals	91	280	5	376
Total investment income	1,363	3,501	544	5,408
Finance (expenses) income from insurance contracts	(1,398)	1,388	-	(10)
Finance income (expense) from reinsurance contracts	969	(1,246)	-	(277)
Net insurance finance (expenses) income	(429)	142	-	(287)
Net financial result	934	3,643	544	5,121
Net insurance and financial result	21,262	23,139	432	44,833
Other income	902	-	-	902
Other operating expenses	(4,003)	(3,166)	(2,906)	(10,075)
Other finance costs	(56)	-	(545)	(601)
Income (loss) before income taxes	18,105	19,973	(3,019)	35,059

# TRISURA GROUP LTD.

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

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

### Note 16 – Segmented information (Continued)

Six Months Ended June 30, 2023	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Insurance revenue	376,361	927,159	-	1,303,520
Insurance service expenses	(255,766)	(811,769)	(125)	(1,067,660)
Net expense from reinsurance contracts assets	(82,110)	(97,323)	-	(179,433)
Insurance service result	38,485	18,067	(125)	56,427
Net investment income	10,847	10,039	1,084	21,970
Net losses	(3,907)	(1,203)	(3,972)	(9,082)
Net credit impairment reversals	63	106	58	227
Total investment income (loss)	7,003	8,942	(2,830)	13,115
Finance expenses from insurance contracts	(6,563)	(30,075)	-	(36,638)
Finance income from reinsurance contracts	4,359	27,266	-	31,625
Net insurance finance expenses	(2,204)	(2,809)	-	(5,013)
Net financial result	4,799	6,133	(2,830)	8,102
Net insurance and financial result	43,284	24,200	(2,955)	64,529
Other income	6,080	-	-	6,080
Other operating expenses	(8,768)	(6,476)	(263)	(15,507)
Other finance costs	(112)	-	(1,089)	(1,201)
Income (loss) before income taxes	40,484	17,724	(4,307)	53,901

As at June 30, 2024	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
<b>Assets</b>	<b>1,277,275</b>	<b>2,599,615</b>	<b>42,503</b>	<b>3,919,393</b>
<b>Liabilities</b>	<b>850,061</b>	<b>2,296,904</b>	<b>77,242</b>	<b>3,224,207</b>

As at December 31, 2023	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Assets	1,008,169	2,463,918	112,358	3,584,445
Liabilities	718,385	2,193,711	52,920	2,965,016

### Note 17 – Income taxes

The following shows the major components of income tax expense for the three and six months ended June 30, 2024 and 2023:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Current tax expense	9,200	11,377	39,438	17,206
Deferred tax expense (benefit)	745	(3,125)	(17,418)	(4,088)
<b>Income tax expense</b>	<b>9,945</b>	<b>8,252</b>	<b>22,020</b>	<b>13,118</b>
<b>Income taxes recorded in Other comprehensive income (loss):</b>				
Net changes in unrealized (losses) gains on FVOCI investments	(12)	145	(269)	922
Reclassification of net gains (losses) on FVOCI investments	216	(283)	1,256	(233)
Origination and reversal of temporary differences	(20)	(1,036)	4	159
<b>Total income tax expense (benefit) recorded in Other comprehensive income (loss)</b>	<b>184</b>	<b>(1,174)</b>	<b>991</b>	<b>848</b>

# TRISURA GROUP LTD.

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

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

### Note 17 – 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 for the three and six months ended June 30, 2024 and 2023:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Income before income taxes	37,086	35,059	85,594	53,901
Statutory income tax rate	26.5%	26.5%	26.5%	26.5%
	9,828	9,291	22,682	14,284
Variations due to:				
Permanent differences	(599)	(163)	(363)	(458)
International operations subject to different tax rates	(654)	(991)	(1,363)	(756)
Rate differentials:				
Current rate versus future rate	27	-	27	-
Change in future rate	-	(7)	-	(7)
True up	1,343	122	1,037	55
<b>Income tax expense</b>	<b>9,945</b>	<b>8,252</b>	<b>22,020</b>	<b>13,118</b>

The permanent differences relate primarily to investment income or losses that are non-taxable or taxed at rates lower than the statutory income tax rate, such as non-taxable dividend income and capital gains. In certain circumstances, permanent differences relate to expenses not deductible for tax purposes.

As at June 30, 2024, the Company has unused tax losses of \$10,716 (December 31, 2023 – \$10,689), which will expire in the following years:

	June 30, 2024
2042	1,180
2043	8,358
2044	1,178
	<b>10,716</b>

### Note 18 – Additional information on the Condensed Interim Consolidated Statements of Cash Flows

The following table shows the changes in working capital for the six months ended June 30, 2024 and June 30, 2023:

For the six months ended June 30,	2024	2023
Insurance contract liabilities	208,009	267,289
Leases and accrued liabilities	36,364	22,223
Other operating liabilities	4,679	1,258
Income taxes	4,627	13,523
Other operating assets	(13,407)	4,851
Reinsurance contract assets	(325,821)	(345,483)
	<b>(85,549)</b>	<b>(36,339)</b>

# TRISURA GROUP LTD.

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

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

### Note 19 – Acquisition

On March 15, 2024, the Company closed its acquisition of 100% of the issued share capital of First Founders Assurance Company (“FFAC”), for cash consideration of \$18.8 million. FFAC is a US Treasury listed surety company and is a business as defined by IFRS 3 *Business Combinations*. This acquisition will allow the Company to access a broader portion of a larger surety market within the US, resulting in increased insurance revenue.

The initial amounts assigned to the identifiable assets acquired, goodwill and liabilities assumed on March 15, 2024 are as set out in the table below.

Cash and cash equivalents	3,791
Investments	6,359
Other assets	83
Insurance contract liabilities	(888)
Other liabilities	(1,372)
Total identifiable assets and liabilities assumed	7,973
Goodwill	10,833
<b>Total consideration transferred in cash</b>	<b>18,806</b>
Net cash outflow arising on acquisition:	
Cash consideration	18,806
Less: cash and cash equivalents acquired	(3,791)
	<b>15,015</b>

The goodwill represents the excess of the purchase price over the fair value of the net assets, and is attributable to the future economic benefits and other synergies expected from the Treasury listing certificate obtained and other assets acquired that are not individually identified and separately recognized in the acquisition. None of the goodwill is expected to be deductible for income tax purposes.