



TRISURA[®]

Trisura Group Ltd.

Condensed Interim Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2025

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)

| As at | <i>Note</i> | June 30, 2025 | December 31, 2024 |
|---|-------------|----------------------|--------------------------|
| Assets | | | |
| Cash and cash equivalents | | 247,806 | 270,378 |
| Investments | 4,6 | 1,627,039 | 1,434,534 |
| Other assets | 8 | 42,440 | 42,392 |
| Reinsurance contract assets | 7.2 | 2,637,622 | 2,771,163 |
| Capital assets and intangible assets | | 42,417 | 29,383 |
| Deferred tax assets | | 44,744 | 44,043 |
| Total assets | | 4,642,068 | 4,591,893 |
| Liabilities | | | |
| Insurance contract liabilities | 7.1 | 3,487,800 | 3,546,053 |
| Other liabilities | 9 | 176,476 | 162,302 |
| Debt outstanding | 11 | 134,772 | 98,272 |
| | | 3,799,048 | 3,806,627 |
| Shareholders' equity | | | |
| Common shares | 12 | 480,019 | 481,797 |
| Contributed surplus | | 10,427 | 9,796 |
| Retained earnings | | 328,608 | 262,489 |
| Accumulated other comprehensive income (loss) | | 23,966 | 31,184 |
| | | 843,020 | 785,266 |
| Total liabilities and shareholders' equity | | 4,642,068 | 4,591,893 |

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 | |
|---|------|----------------|----------------|-----------------|----------------|
| | | 2025 | 2024 | 2025 | 2024 |
| Insurance revenue | 7.1 | 758,849 | 772,249 | 1,538,455 | 1,516,515 |
| Insurance service expenses | | (690,694) | (582,657) | (1,275,907) | (1,163,597) |
| Net income (expense) from reinsurance contracts assets | 7.2 | (26,707) | (158,187) | (183,030) | (286,065) |
| Insurance service result | | 41,448 | 31,405 | 79,518 | 66,853 |
| Net investment income (loss) | 14 | 18,864 | 16,902 | 37,061 | 33,655 |
| Net gains (losses) | 15 | 9,827 | 462 | 7,896 | 12,738 |
| Net credit impairment reversals (losses) | 4.2 | (470) | (150) | (3,086) | (1,980) |
| Total investment income (loss) | | 28,221 | 17,214 | 41,871 | 44,413 |
| Finance income (expenses) from insurance contracts | | (30,602) | (5,493) | (80,493) | (42,151) |
| Finance income (expenses) from reinsurance contracts | | 26,763 | 3,894 | 70,176 | 36,694 |
| Net insurance finance income (expenses) | | (3,839) | (1,599) | (10,317) | (5,457) |
| Net financial result | | 24,382 | 15,615 | 31,554 | 38,956 |
| Net insurance and financial result | | 65,830 | 47,020 | 111,072 | 105,809 |
| Other income | | 690 | 837 | 6,151 | 6,182 |
| Other operating expenses | | (15,831) | (10,060) | (26,632) | (25,072) |
| Other finance costs | | (1,220) | (711) | (2,128) | (1,325) |
| Income before income taxes | | 49,469 | 37,086 | 88,463 | 85,594 |
| Income tax expense | 17.1 | (12,340) | (9,945) | (22,344) | (22,020) |
| Net income attributable to shareholders | | 37,129 | 27,141 | 66,119 | 63,574 |
| Weighted average number of common shares outstanding during the period (in thousands) – basic | | 47,781 | 47,697 | 47,780 | 47,647 |
| Earnings per common share (in dollars) – basic | 13 | 0.78 | 0.57 | 1.38 | 1.33 |
| Earnings per common share (in dollars) – diluted | 13 | 0.76 | 0.56 | 1.36 | 1.31 |

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, | Three months | | Six months | |
|--|-----------------|--------|-----------------|---------|
| | 2025 | 2024 | 2025 | 2024 |
| Net income attributable to shareholders | 37,129 | 27,141 | 66,119 | 63,574 |
| Items that may be or are reclassified subsequently to Net income | | | | |
| FVOCI investments | | | | |
| Net unrealized gains (losses) | 5,218 | (670) | 15,419 | (2,364) |
| Reclassification of net gains (losses) | 463 | 1,014 | 3,272 | 2,755 |
| Income tax benefit (expense) | (1,208) | (126) | (4,225) | (198) |
| | 4,473 | 218 | 14,466 | 193 |
| Items that will not be reclassified subsequently to Net income | | | | |
| FVOCI equity investments | | | | |
| Net unrealized gains (losses) | 1,000 | 320 | 97 | 3,286 |
| Realized gains (losses) | 259 | (168) | 812 | (168) |
| Income tax benefit (expense) | (321) | (58) | (237) | (793) |
| | 938 | 94 | 672 | 2,325 |
| Cumulative translation gain (loss) | (21,858) | 3,058 | (22,356) | 9,791 |
| Other comprehensive income (loss) | (16,447) | 3,370 | (7,218) | 12,309 |
| Total comprehensive income | 20,682 | 30,511 | 58,901 | 75,883 |

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 | AOCI ⁽¹⁾ | Total |
|---|------|------------------|------------------------|-------------------|---------------------|----------------|
| Balance as at January 1, 2025 | | 481,797 | 9,796 | 262,489 | 31,184 | 785,266 |
| Net income | | - | - | 66,119 | - | 66,119 |
| Other comprehensive income (loss) | | - | - | - | (7,218) | (7,218) |
| Total comprehensive income | | - | - | 66,119 | (7,218) | 58,901 |
| Share issuance | 12 | 813 | - | - | - | 813 |
| Shares purchased under Restricted Share Units ("RSUs") plan | 12 | (2,591) | - | - | - | (2,591) |
| Share based payments | | - | 631 | - | - | 631 |
| Balance as at June 30, 2025 | | 480,019 | 10,427 | 328,608 | 23,966 | 843,020 |

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

(1) Accumulated other comprehensive income (loss) (net of income taxes)

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 | 2025 | 2024 |
|---|------|------------------|------------------|
| Operating activities | | | |
| Net income | | 66,119 | 63,574 |
| Items not involving cash: | | | |
| Depreciation and amortization | | 2,082 | 432 |
| Unrealized losses (gains) | | (5,585) | (8,791) |
| Net credit impairment losses (reversals) | 4.2 | 3,086 | 1,980 |
| Stock options granted | | 984 | 765 |
| Change in working capital | 19 | 127,462 | (85,549) |
| Realized losses (gains) on investments | | (718) | 723 |
| Income taxes paid | | (36,060) | (13,676) |
| Interest paid | | (1,825) | (1,294) |
| Net cash flows from (used in) operating activities | | 155,545 | (41,836) |
| Investing activities | | | |
| Proceeds on disposal of investments | | 150,626 | 124,759 |
| Purchases of investments | | (355,637) | (292,316) |
| Purchases of capital assets | | (1,356) | (2,332) |
| Acquisition of subsidiary | 18 | - | (15,015) |
| Purchases of intangible assets | | (246) | (166) |
| Net cash flows from (used in) investing activities | | (206,613) | (185,070) |
| Financing activities | | | |
| Shares issued | 12 | 813 | 2,579 |
| Shares purchased under RSU plan | 12 | (2,591) | (3,202) |
| Loans received | 11 | 36,500 | 23,268 |
| Principal portion of lease payments | | (1,018) | (1,130) |
| Net cash flows from (used in) financing activities | | 33,704 | 21,515 |
| Net increase (decrease) in cash and cash equivalents during the period | | (17,364) | (205,391) |
| Cash, beginning of period | | 250,383 | 559,741 |
| Cash equivalents, beginning of period | | 19,995 | 44,275 |
| Cash and cash equivalents, beginning of period | | 270,378 | 604,016 |
| Impact of foreign exchange on cash and cash equivalents | | (5,208) | 6,965 |
| Cash, end of period | | 229,072 | 381,168 |
| Cash equivalents, end of period | | 18,734 | 24,422 |
| Cash and cash equivalents, end of period | | 247,806 | 405,590 |

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)

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 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 operates as a US property and casualty insurance company and 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. A large portion of the US business 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 IAS Standards (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, 2024. These statements have been prepared in accordance with IFRS[®] Accounting Standards (“IFRS”) as issued by the IASB.

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 7, 2025.

Note 3 – Summary of material accounting policies

The accounting policies applied during the three and six months ended June 30, 2025 are the same as those described and disclosed in *Note 2 – Summary of material accounting policies* of the December 31, 2024 Consolidated Financial Statements, unless updated below. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

a) 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 in 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, 2025 | FVOCI | FVTPL | Amortized cost | Total |
|---|------------------|----------------|-----------------------|------------------|
| Cash and cash equivalents | - | - | 247,806 | 247,806 |
| Investments | | | | |
| Short-term securities | - | - | 11,839 | 11,839 |
| Fixed income ⁽¹⁾ | 1,196,694 | 152,399 | 4,500 | 1,353,593 |
| Common shares | - | 51,895 | - | 51,895 |
| Preferred shares | 78,898 | 64,073 | - | 142,971 |
| Alternatives | - | 66,741 | - | 66,741 |
| Total investments | 1,275,592 | 335,108 | 16,339 | 1,627,039 |
| Total cash, cash equivalents and investments | 1,275,592 | 335,108 | 264,145 | 1,874,845 |

| As at December 31, 2024 | FVOCI | FVTPL | Amortized cost | Total |
|---|------------------|----------------|-----------------------|------------------|
| Cash and cash equivalents | - | - | 270,378 | 270,378 |
| Investments | | | | |
| Short-term securities | - | - | 14,339 | 14,339 |
| Fixed income ⁽¹⁾ | 1,020,114 | 150,235 | 4,500 | 1,174,849 |
| Common shares | - | 45,704 | - | 45,704 |
| Preferred shares | 69,702 | 61,561 | - | 131,263 |
| Alternatives | - | 68,379 | - | 68,379 |
| Total investments | 1,089,816 | 325,879 | 18,839 | 1,434,534 |
| Total cash, cash equivalents and investments | 1,089,816 | 325,879 | 289,217 | 1,704,912 |

(1) As at June 30, 2025, included in Fixed income are exchange-traded debt funds amounting to \$140,042 (December 31, 2024 - \$140,793).

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)

4.2 Unrealized gains and losses and carrying value of investments

The amortized cost and carrying value of investments as at June 30, 2025 and December 31, 2024 were as follows:

| As at June 30, 2025 | 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 | - | 11,839 | - | - | 11,839 | 11,839 |
| Fixed income | 152,399 | 1,190,315 | 10,879 | - | 1,201,194 | 1,353,593 |
| Common shares | 51,895 | - | - | - | - | 51,895 |
| Preferred shares | 64,073 | 78,407 | 491 | - | 78,898 | 142,971 |
| Alternatives | 66,741 | - | - | - | - | 66,741 |
| | 335,108 | 1,280,561 | 11,370 | - | 1,291,931 | 1,627,039 |

| As at December 31, 2024 | 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 | - | 14,339 | - | - | 14,339 | 14,339 |
| Fixed income | 150,235 | 1,028,404 | - | (3,790) | 1,024,614 | 1,174,849 |
| Common shares | 45,704 | - | - | - | - | 45,704 |
| Preferred shares | 61,561 | 69,710 | - | (8) | 69,702 | 131,263 |
| Alternatives | 68,379 | - | - | - | - | 68,379 |
| | 325,879 | 1,112,453 | - | (3,798) | 1,108,655 | 1,434,534 |

The expected credit loss ("ECL") of \$8,675 as at June 30, 2025 (June 30, 2024 – \$5,272) 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 reversals (losses).

Impairment losses on financial investments subject to impairment assessment

For the six months ended June 30, 2025 and 2024, an analysis of changes in the fair value and the corresponding ECL is as follows:

| | For the period ended June 30, 2025 | | | For the period ended June 30, 2024 | | |
|------------------------------------|------------------------------------|-------|-----------|------------------------------------|-------|-----------|
| | 12mECL | LTECL | Total | 12mECL | LTECL | Total |
| Beginning fair value | 1,015,562 | 4,552 | 1,020,114 | 527,130 | 750 | 527,880 |
| New assets purchased | 310,229 | - | 310,229 | 281,089 | - | 281,089 |
| Assets derecognized or matured | (130,730) | - | (130,730) | (106,342) | - | (106,342) |
| Change in fair value | 24,342 | (34) | 24,308 | 1,970 | (678) | 1,292 |
| Net foreign exchange income (loss) | (27,227) | - | (27,227) | 8,174 | - | 8,174 |
| Movement between 12mECL and LTECL | 996 | (996) | - | (4,504) | 4,504 | - |
| Ending fair value | 1,193,172 | 3,522 | 1,196,694 | 707,517 | 4,576 | 712,093 |

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)

| | For the period ended June 30, 2025 | | | For the period ended June 30, 2024 | | |
|-----------------------------------|------------------------------------|--------------|--------------|------------------------------------|-------|-------|
| | 12mECL | LTECL | Total | 12mECL | LTECL | Total |
| Beginning ECL | 3,523 | 2,066 | 5,589 | 3,193 | 99 | 3,292 |
| New assets purchased | 1,878 | - | 1,878 | 1,045 | - | 1,045 |
| Assets derecognized or matured | (55) | - | (55) | (460) | - | (460) |
| Movement in ECL | 509 | 754 | 1,263 | 472 | 923 | 1,395 |
| Movement between 12mECL and LTECL | (45) | 45 | - | (981) | 981 | - |
| Ending ECL | 5,810 | 2,865 | 8,675 | 3,269 | 2,003 | 5,272 |

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, 2025, the Company has pledged cash, cash equivalents and short-term deposits amounting to \$100 (December 31, 2024 – \$111), under insurance and reinsurance trust arrangements and are therefore not readily available for general use by the Company.

As at June 30, 2025, the Company pledged \$13,789 (December 31, 2024 – \$11,790) of fixed income investments, and \$124 (December 31, 2024 – \$611) 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.

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, 2025 and December 31, 2024:

| As at | June 30, 2025 | | | December 31, 2024 | | |
|-----------------------------------|-----------------|---------------|------------|-------------------|---------------|--------------|
| | Notional amount | Fair value | | Notional amount | Fair value | |
| | | Asset | Liability | | Asset | Liability |
| Foreign currency contracts | | | | | | |
| Forwards | 144,467 | 2,807 | 629 | 136,744 | - | 1,611 |
| Equity contracts | | | | | | |
| Swap agreement | 12,750 | 13,954 | - | 12,990 | 12,530 | - |
| | 157,217 | 16,761 | 629 | 149,734 | 12,530 | 1,611 |
| Term to maturity | | | | | | |
| less than one year | 157,217 | 16,761 | 629 | 149,734 | 12,530 | 1,611 |

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, 2025 are \$84,403 USD (December 31, 2024 – \$76,157 USD), €11,385 EUR (December 31, 2024 – €1,603 EUR) and £1,240 GBP (December 31, 2024 – £1,240 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).

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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, 2025 and December 31, 2024:

| As at June 30, 2025 | Total fair value | Level 1 | Level 2 | Level 3 |
|-----------------------------|------------------|---------|-----------|---------|
| Fixed income | 1,349,093 | - | 1,349,093 | - |
| Common shares | 51,895 | 51,895 | - | - |
| Preferred shares | 142,971 | 132,070 | 10,901 | - |
| Alternatives | 66,741 | - | - | 66,741 |
| Total investments | 1,610,700 | 183,965 | 1,359,994 | 66,741 |
| Derivative financial assets | 16,761 | - | 16,761 | - |
| Financial assets | 1,627,461 | 183,965 | 1,376,755 | 66,741 |
| Financial liabilities | 629 | - | 629 | - |

| As at December 31, 2024 | Total fair value | Level 1 | Level 2 | Level 3 |
|-----------------------------|------------------|---------|-----------|---------|
| Fixed income | 1,170,349 | - | 1,170,349 | - |
| Common shares | 45,704 | 45,704 | - | - |
| Preferred shares | 131,263 | 120,931 | 10,332 | - |
| Alternatives | 68,379 | - | - | 68,379 |
| Total investments | 1,415,695 | 166,635 | 1,180,681 | 68,379 |
| Derivative financial assets | 12,530 | - | 12,530 | - |
| Financial assets | 1,428,225 | 166,635 | 1,193,211 | 68,379 |
| Financial liabilities | 1,611 | - | 1,611 | - |

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, 2025 and December 31, 2024:

| | June 30, 2025 | December 31, 2024 |
|--|---------------|-------------------|
| Balance at beginning of period | 68,379 | 56,778 |
| Realized and unrealized gains (losses) | 1,491 | (1,011) |
| Purchase of securities | 3,166 | 10,153 |
| Sale of securities | (1,549) | (2,676) |
| Foreign exchange | (4,746) | 5,135 |
| Balance at end of period | 66,741 | 68,379 |

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 insurance contract liabilities ("ICL") issued showing liability for remaining coverage ("LRC") and liability for incurred claims ("LIC")

| Insurance operations | 2025 | | | Total |
|--|-------------|------------------------------------|----------------------------------|-------------|
| | LRC | LIC | | |
| | | Present value of future cash flows | Risk adj. for non-financial risk | |
| Opening balance of ICL, as at January 1, 2025 | 567,372 | 2,639,663 | 339,018 | 3,546,053 |
| Insurance revenue | (1,538,455) | - | - | (1,538,455) |
| Insurance service expenses: | | | | |
| Incurred claims and other directly attributable expenses | 30,058 | 693,919 | 68,396 | 792,373 |
| Changes that relate to past service | - | 114,349 | (36,321) | 78,028 |
| Insurance acquisition cash flows amortization | 405,506 | - | - | 405,506 |
| Insurance service result from insurance contracts | (1,102,891) | 808,268 | 32,075 | (262,548) |
| Finance expense (income) from insurance contracts | - | 80,493 | - | 80,493 |
| Effects of exchange rate movements | (11,150) | (107,495) | (20,712) | (139,357) |
| Total amounts recognized in comprehensive income | (1,114,041) | 781,266 | 11,363 | (321,412) |
| Cash flows: | | | | |
| Premiums received | 1,388,112 | - | - | 1,388,112 |
| Claims and other directly attributable expenses paid | - | (699,055) | - | (699,055) |
| Insurance acquisition cash flows | (425,898) | - | - | (425,898) |
| Total cash flows | 962,214 | (699,055) | - | 263,159 |
| Ending balance of ICL, as at June 30, 2025 | 415,545 | 2,721,874 | 350,381 | 3,487,800 |

| Insurance operations | 2024 | | | Total |
|--|-------------|------------------------------------|----------------------------------|-------------|
| | LRC | LIC | | |
| | | Present value of future cash flows | Risk adj. for non-financial risk | |
| Opening balance of ICL, as at January 1, 2024 | 700,843 | 1,841,713 | 227,395 | 2,769,951 |
| 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 |
| Insurance service result from insurance contracts | (1,065,038) | 683,735 | 28,385 | (352,918) |
| Finance expense (income) from insurance contracts | - | 42,151 | - | 42,151 |
| Effects of exchange rate movements | 15,530 | 53,618 | 7,037 | 76,185 |
| Total amounts recognized in comprehensive income | (1,049,508) | 779,504 | 35,422 | (234,582) |
| 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) |
| Total cash flows | 999,715 | (556,226) | - | 443,489 |
| Ending balance of ICL, as at June 30, 2024 | 651,050 | 2,064,991 | 262,817 | 2,978,858 |

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, 2025, the liability for incurred claims, including the risk adjustment, was calculated at a 73% level of confidence (December 31, 2024 - 73%).

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

| As at June 30, 2025 | | | | | | | As at December 31, 2024 | | | | |
|--|----------|--------|---------|----------|----------|----------|-------------------------|---------|----------|----------|----------|
| Insurance contracts issued and reinsurance contracts | Currency | 1 year | 5 years | 10 years | 20 years | 30 years | 1 year | 5 years | 10 years | 20 years | 30 years |
| | CAD | 3.50% | 4.10% | 4.79% | 5.27% | 5.10% | 3.82% | 4.20% | 4.73% | 5.07% | 4.97% |
| | USD | 4.28% | 4.40% | 5.10% | 5.81% | 5.93% | 4.72% | 5.17% | 5.32% | 4.98% | 4.92% |

7.2 Roll-forward of reinsurance contract assets ("RCA") showing asset for remaining coverage ("ARC") and assets for incurred claims ("AIC")

| Reinsurance contracts held | 2025 | | | Total |
|---|------------------|------------------------------------|----------------------------------|------------------|
| | ARC | AIC | | |
| | | Present value of future cash flows | Risk adj. for non-financial risk | |
| Opening balance of RCA, as at January 1, 2025 | 193,692 | 2,278,620 | 298,851 | 2,771,163 |
| Allocation of reinsurance premiums (ceding premiums paid) | (1,162,532) | - | - | (1,162,532) |
| Claims recovered: | | | | |
| Amounts recoverable for incurred claims and other directly attributable expenses | 258,311 | 580,357 | 59,713 | 898,381 |
| Changes to amounts recoverable for incurred claims | - | 112,429 | (31,308) | 81,121 |
| Net income (expense) from reinsurance contracts assets | (904,221) | 692,786 | 28,405 | (183,030) |
| Finance income (expense) from reinsurance contracts | - | 70,176 | - | 70,176 |
| Effects of exchange rate movements | (7,695) | (95,908) | (19,195) | (122,798) |
| Total amounts recognized in comprehensive income | (911,916) | 667,054 | 9,210 | (235,652) |
| Cash flows: | | | | |
| Premiums paid, net of ceding commissions, claims recovered, and other directly attributable expenses paid | 709,754 | (607,643) | - | 102,111 |
| Total cash flows | 709,754 | (607,643) | - | 102,111 |
| Closing reinsurance contract assets | 141,241 | 2,338,031 | 308,061 | 2,787,333 |
| Closing reinsurance contract liabilities | (149,711) | - | - | (149,711) |
| Ending balance of RCA, as at June 30, 2025 | (8,470) | 2,338,031 | 308,061 | 2,637,622 |

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

Note 7 – Insurance and reinsurance contracts (Continued)

| | 2024 | | | Total |
|--|-------------|--|--|-------------|
| | ARC | AIC | | |
| Reinsurance contracts held | | 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) |
| Opening balance of RCA, as at January 1, 2024 | 211,614 | 1,590,376 | 201,599 | 2,003,589 |
| 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) |
| Net income (expense) from reinsurance contracts assets | (894,637) | 582,211 | 26,361 | (286,065) |
| Finance income (expense) from reinsurance contracts | - | 36,694 | - | 36,694 |
| Effects of exchange rate movements | 8,839 | 48,689 | 6,449 | 63,977 |
| Total amounts recognized in comprehensive income | (885,798) | 667,594 | 32,810 | (185,394) |
| Cash flows: | | | | |
| Premiums paid, net of ceding commissions, claims recovered, and other directly attributable expenses paid | 1,002,347 | (491,132) | - | 511,215 |
| Total cash flows | 1,002,347 | (491,132) | - | 511,215 |
| Closing reinsurance contract assets | 366,075 | 1,766,838 | 234,409 | 2,367,322 |
| Closing reinsurance contract liabilities | (37,912) | - | - | (37,912) |
| Ending balance of RCA, as at June 30, 2024 | 328,163 | 1,766,838 | 234,409 | 2,329,410 |

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 and US program 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 the 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 \$12,068 as at June 30, 2025 (December 31, 2024 – \$13,507).

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

Note 8 – Other assets

As at June 30, 2025 and December 31, 2024, other assets consist of:

| As at | June 30, 2025 | December 31, 2024 |
|-----------------------------|----------------------|--------------------------|
| Accrued investment income | 17,632 | 14,000 |
| Derivative financial assets | 16,761 | 12,530 |
| Tax recoveries | 4,737 | 4,118 |
| Prepaid expenses | 1,665 | 2,711 |
| Other assets | 1,645 | 9,033 |
| | 42,440 | 42,392 |

Note 9 – Other liabilities

As at June 30, 2025 and December 31, 2024, other liabilities consist of:

| As at | June 30, 2025 | December 31, 2024 |
|----------------------------------|----------------------|--------------------------|
| Deposits in trust ⁽¹⁾ | 105,477 | 100,608 |
| Lease liabilities | 23,200 | 9,302 |
| Accrued liabilities | 19,172 | 27,224 |
| Share based payment plan | 12,674 | 11,301 |
| Taxes payable | - | 6,722 |
| Derivative financial liabilities | 629 | 1,611 |
| Deferred tax liabilities | - | 694 |
| Other liabilities | 15,324 | 4,840 |
| | 176,476 | 162,302 |

(1) The Company periodically holds deposits in trust from 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)

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 income (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, 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 a target MCT level in accordance with these requirements.

In the US, regulated insurance 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 – Debt outstanding

11.1 Debt outstanding

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 \$125,000 (December 31, 2024 – \$75,000). 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.

As at June 30, 2025, the letter of credit issued has no changes from December 31, 2024. An amount of \$59,772 (December 31, 2024 – \$23,272) had been drawn under this revolving credit facility.

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, 2025 and December 31, 2024.

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.

The following table provides details of the total debt outstanding as at June 30, 2025 and December 31, 2024.

| | | | | | | Carrying value | |
|---------------------------|---------------|--------------|------------|------------------|------------------|----------------|-------------------|
| | Maturity date | Term (years) | Fixed rate | Coupon (payment) | Principal amount | June 30, 2025 | December 31, 2024 |
| Revolving credit facility | | | | | | 59,772 | 23,272 |
| Senior unsecured notes | | | | | | 75,000 | 75,000 |
| | | | | | | 134,772 | 98,272 |

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

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

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, 2025 and December 31, 2024, no non-voting shares were issued and no preferred shares are outstanding.

For the six months ended June 30, 2025, 30,000 stock options (December 31, 2024 – 199,986 stock options) issued under the Company's existing stock option plan were exercised.

The Company commenced a normal course issuer bid ("NCIB") effective December 6, 2024 to December 5, 2025, to purchase up to 1,433,371 of its common shares. The purchase of the Company's common shares is intended to offset dilution resulting from the issuance of common shares pursuant to the Company's equity incentive programs. During the six months ended June 30, 2025, the Company did not repurchase and subsequently cancel any common shares under the NCIB.

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

| As at | June 30, 2025 | | December 31, 2024 | |
|------------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | Number of common shares | Amount (in thousands) | Number of common shares | Amount (in thousands) |
| Balance, beginning of period | 47,615,902 | 481,797 | 47,439,770 | 481,023 |
| Shares under RSUs plan | (78,907) | (2,591) | (23,854) | (2,215) |
| Common shares issued | 30,000 | 813 | 199,986 | 2,989 |
| Balance, end of period | 47,566,995 | 480,019 | 47,615,902 | 481,797 |

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, 2025, the Company has an aggregate of 47,809,021 common shares (December 31, 2024 – 47,779,021 common shares) outstanding, which includes 242,026 treasury shares (December 31, 2024 – 163,119 treasury shares).

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.

| | Three months ended June 30 | | Six months ended June 30 | |
|---|-------------------------------|------------|-----------------------------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| Net income attributable to common shareholders | 37,129 | 27,141 | 66,119 | 63,574 |
| Weighted-average number of common shares outstanding (in shares) | 47,781,354 | 47,696,843 | 47,780,188 | 47,646,657 |
| EPS – basic (in dollars) | 0.78 | 0.57 | 1.38 | 1.33 |
| Dilutive effect of the conversion of options on common shares (in shares) | 769,982 | 857,820 | 727,774 | 835,293 |
| Diluted weighted-average number of common shares outstanding (in shares) | 48,551,336 | 48,554,663 | 48,507,962 | 48,481,950 |
| EPS – diluted (in dollars) | 0.76 | 0.56 | 1.36 | 1.31 |

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

Note 14 – Net investment income (loss)

| | Three months ended June 30 | | Six months ended June 30 | |
|--|-------------------------------|---------------|-----------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Cash and cash equivalents, and short-term securities | 2,113 | 5,530 | 4,750 | 12,417 |
| FVOCI bonds | 13,117 | 8,030 | 25,357 | 14,233 |
| FVTPL bonds | 1,625 | 1,660 | 3,275 | 3,443 |
| Interest income | 16,855 | 15,220 | 33,382 | 30,093 |
| FVTPL common shares | 611 | 589 | 1,504 | 1,535 |
| FVTPL preferred shares | 1,517 | 1,125 | 2,339 | 2,003 |
| FVOCI preferred shares | 922 | 819 | 1,929 | 1,593 |
| Dividend income | 3,050 | 2,533 | 5,772 | 5,131 |
| Investment expenses | (1,041) | (851) | (2,093) | (1,569) |
| Net investment income (loss) | 18,864 | 16,902 | 37,061 | 33,655 |

Note 15 – Net gains (losses)

| | Three months ended June 30 | | Six months ended June 30 | |
|-------------------------------------|-------------------------------|--------------|-----------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| FVOCI financial instruments: | | | | |
| FVOCI fixed income | 434 | 267 | 735 | 560 |
| FVOCI equity securities | 3 | - | 3 | - |
| FVTPL financial instruments: | | | | |
| FVTPL fixed income | 700 | (380) | 1,914 | (899) |
| FVTPL equity securities | 6,876 | 479 | 6,530 | 6,602 |
| FVTPL alternatives | 636 | (807) | 946 | (922) |
| | 8,649 | (441) | 10,128 | 5,341 |
| Derivatives ⁽¹⁾ : | | | | |
| Swap agreements | 3,541 | (54) | 1,732 | 2,400 |
| Embedded derivatives | 19 | (122) | (165) | (134) |
| Net foreign currency gains (losses) | (2,382) | 1,079 | (3,799) | 5,131 |
| Net gains (losses) | 9,827 | 462 | 7,896 | 12,738 |

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

Note 16 – Segmented information

16.1 Reportable segments

As at June 30, 2025, the Company has two reportable segments. The operations of Trisura Specialty comprise Surety and Corporate Insurance business underwritten in both Canada and the United States, as well as Warranty and Fronting products primarily underwritten in Canada. Trisura US Programs provides specialty fronting insurance solutions underwritten in the United States. Judgment is used in the determination of reportable segments, as well as in allocating operating expenses by segment. Corporate and Other represents investment activities and expenses that do not relate specifically to any one segment of the Company.

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

Note 16 – Segmented information (Continued)

16.2 Segment operating performance

The Company measures the profitability of the Company's segments based on the operating earnings before tax, which is adjusted to remove the impact of certain items, referred to as non-operating items, to normalize earnings in order to reflect core operations.

As at March 31, 2025, the Company changed its segment measure from income before income taxes to operating earnings before tax. The chief operating decision makers use operating earnings before tax as the primary measure for purposes of making decisions about allocating resources to the segments and in assessing the operating performance of each reportable segment. Segment operating earnings before tax is different from income before income taxes as it excludes certain non-operating items, as those items are not considered to be indicative of ongoing core operations. Comparatives have been restated to reflect this new presentation.

| For the three months ended June 30, 2025 | Trisura Specialty | Trisura US Programs | Corporate and Other | Total |
|---|-------------------|---------------------|---------------------|----------------|
| Net insurance revenue ⁽¹⁾ | 142,145 | 53,640 | - | 195,785 |
| Net investment income | - | - | 18,864 | 18,864 |
| Segment revenue | 142,145 | 53,640 | 18,864 | 214,649 |
| Net claims ⁽²⁾ | (27,926) | (37,057) | - | (64,983) |
| Net expenses ⁽³⁾ | (96,478) | (6,141) | - | (102,619) |
| Other finance costs | - | - | (1,220) | (1,220) |
| Corporate operating expenses ⁽⁴⁾ | - | - | (1,298) | (1,298) |
| Operating earnings before tax | 17,741 | 10,442 | 16,346 | 44,529 |
| For the three months ended June 30, 2024 | Trisura Specialty | Trisura US Programs | Corporate and Other | Total |
| Net insurance revenue ⁽¹⁾ | 116,194 | 49,637 | - | 165,831 |
| Net investment income | - | - | 16,902 | 16,902 |
| Segment revenue | 116,194 | 49,637 | 16,902 | 182,733 |
| Net claims ⁽²⁾ | (22,239) | (33,114) | - | (55,353) |
| Net expenses ⁽³⁾ | (79,576) | (5,492) | - | (85,068) |
| Other finance costs | - | - | (711) | (711) |
| Corporate operating expenses ⁽⁴⁾ | - | - | (583) | (583) |
| Operating earnings before tax | 14,379 | 11,031 | 15,608 | 41,018 |

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)

| For the six months ended June 30, 2025 | Trisura Specialty | Trisura US Programs | Corporate and Other | Total |
|---|-------------------|---------------------|---------------------|----------------|
| Net insurance revenue ⁽¹⁾ | 270,516 | 97,979 | - | 368,495 |
| Net investment income | - | - | 37,061 | 37,061 |
| Segment revenue | 270,516 | 97,979 | 37,061 | 405,556 |
| Net claims ⁽²⁾ | (53,650) | (65,678) | - | (119,328) |
| Net expenses ⁽³⁾ | (180,095) | (11,033) | - | (191,128) |
| Other finance costs | - | - | (2,128) | (2,128) |
| Corporate operating expenses ⁽⁴⁾ | - | - | (2,649) | (2,649) |
| Operating earnings before tax | 36,771 | 21,268 | 32,284 | 90,323 |
| For the six months ended June 30, 2024 | Trisura Specialty | Trisura US Programs | Corporate and Other | Total |
| Net insurance revenue ⁽¹⁾ | 222,328 | 96,557 | - | 318,885 |
| Net investment income | - | - | 33,655 | 33,655 |
| Segment revenue | 222,328 | 96,557 | 33,655 | 352,540 |
| Net claims ⁽²⁾ | (39,153) | (64,606) | - | (103,759) |
| Net expenses ⁽³⁾ | (149,861) | (10,496) | - | (160,357) |
| Other finance costs | - | - | (1,325) | (1,325) |
| Corporate operating expenses ⁽⁴⁾ | - | - | (1,819) | (1,819) |
| Operating earnings before tax | 33,314 | 21,455 | 30,511 | 85,280 |

(1) Net insurance revenue comprises of insurance revenues, net of reinsurance premiums earned, and non-operating items related to net insurance revenue.

(2) Net claims comprises the portion of insurance service expenses related to movement in the liability for incurred claims, less the portion of net income (expense) from reinsurance contracts assets related to the asset for incurred claims, plus the finance income (expenses) from insurance/reinsurance contracts, and non-operating items related to net claims.

(3) Net expenses comprises the portion of insurance service expense related to commission expense, less the portion of net reinsurance expense related to reinsurance ceding commission, plus other directly attributable expense and insurance acquisition cash flows excluding commission, net of other income, plus other expenses related to Trisura Specialty, Trisura US Programs and non-operating items related to net expenses.

(4) Corporate operating expenses reflect the portion of other operating expenses not related to Trisura Specialty or Trisura US Programs, and non-operating items related to other expenses.

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Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

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

Note 16 – Segmented information (Continued)

The reconciliations of the segment revenue and operating earnings before tax to the amounts recognized in the condensed interim consolidated statements of income are presented below.

| | For the three months ended June 30, 2025 | For the three months ended June 30, 2024 | For the six months ended June 30, 2025 | For the six months ended June 30, 2024 |
|---|--|--|--|--|
| Segment revenue | 214,649 | 182,733 | 405,556 | 352,540 |
| Expense from reinsurance contracts ⁽¹⁾ | 561,865 | 608,953 | 1,162,914 | 1,203,726 |
| Fee income ⁽²⁾ | 690 | 837 | 6,151 | 6,182 |
| Net insurance revenue from exited lines ⁽³⁾ | 1,199 | - | 7,046 | - |
| Net insurance revenue from non-recurring items ⁽⁴⁾ | - | (2,535) | - | (6,096) |
| | 778,403 | 789,988 | 1,581,667 | 1,556,352 |
| Represented by ⁽⁵⁾ : | | | | |
| Insurance revenue | 758,849 | 772,249 | 1,538,455 | 1,516,515 |
| Net investment income | 18,864 | 16,902 | 37,061 | 33,655 |
| Other income | 690 | 837 | 6,151 | 6,182 |
| | 778,403 | 789,988 | 1,581,667 | 1,556,352 |

(1) Expense from reinsurance contracts reflects earned reinsurance premium ceded.

(2) Fee income reflects fees earned from certain surety accounts and is equal to other income.

(3) Net insurance revenue from exited lines refers to insurance revenue and the portion of Net income (expense) from reinsurance contract assets reflecting reinsurance ceded, associated with exited lines.

(4) Net insurance revenue from run-off program refers to insurance revenue and the portion of Net income (expense) from reinsurance contract assets reflecting reinsurance ceded, associated with the non-recurring items.

(5) This is represented by the following line items on our Condensed Interim Consolidated Statements of Income.

| | For the three months ended June 30, 2025 | For the three months ended June 30, 2024 | For the six months ended June 30, 2025 | For the six months ended June 30, 2024 |
|--|--|--|--|--|
| Operating earnings before tax | 44,529 | 41,018 | 90,323 | 85,280 |
| Adjustments: | | | | |
| Impact of exited lines ⁽¹⁾ | (403) | - | (292) | - |
| Losses from non-recurring items ⁽²⁾ | - | (3,874) | - | (7,588) |
| Movement in yield curve in net insurance finance income (expenses) | (107) | 23 | (3,670) | 460 |
| Impact of share-based compensation | (3,907) | (393) | (2,708) | (3,316) |
| Net gains (losses) ⁽³⁾ | 9,357 | 312 | 4,810 | 10,758 |
| Income before income taxes, as reported | 49,469 | 37,086 | 88,463 | 85,594 |

(1) Impact of exited lines refers to the impact to income before income taxes of certain programs which have been non-renewed and have been put into run-off, collectively referred to as exited lines, as included in insurance service result.

(2) Losses from non-recurring items reflect the impact to income before income taxes associated with the run-off program, as included in insurance service result.

(3) Net gains (losses) is inclusive of net credit impairment reversals (losses).

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Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

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

Note 17 – Income taxes

17.1 Quarterly disclosure

The following shows the major components of income tax expense (benefit) for the three and six months ended June 30, 2025 and 2024:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|-------------------------------|--------------|-----------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Current tax expense (benefit) | 15,861 | 9,200 | 28,268 | 39,438 |
| Deferred tax expense (benefit) | (3,521) | 745 | (5,924) | (17,418) |
| Income tax expense (benefit) | 12,340 | 9,945 | 22,344 | 22,020 |
| Income taxes recorded in other comprehensive income (loss): | | | | |
| Net changes in unrealized gains (losses) on FVOCI investments | 2,255 | (12) | 3,674 | (269) |
| Reclassification of net gains (losses) on FVOCI investments | (49) | 216 | 276 | 1,256 |
| Origination and reversal of temporary differences | (677) | (20) | 512 | 4 |
| Total income tax expense (benefit) recorded in other comprehensive income (loss) | 1,529 | 184 | 4,462 | 991 |

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, 2025 and 2024:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|-------------------------------|--------------|-----------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Income before income taxes | 49,469 | 37,086 | 88,463 | 85,594 |
| Statutory income tax rate | 26.5% | 26.5% | 26.5% | 26.5% |
| | 13,109 | 9,828 | 23,443 | 22,682 |
| Variations due to: | | | | |
| Permanent differences | (375) | (599) | (300) | (363) |
| International operations subject to different tax rates | (1,420) | (654) | (2,576) | (1,363) |
| Rate differentials: | | | | |
| Current rate versus future rate | - | 27 | - | 27 |
| True up | 1,026 | 1,343 | 1,777 | 1,037 |
| Income tax expense (benefit) | 12,340 | 9,945 | 22,344 | 22,020 |

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, 2025, the Company has unused tax losses of \$14,898 (December 31, 2024 – \$9,284), which will expire in the following years:

| | June 30, 2025 |
|------|---------------|
| 2043 | 6,393 |
| 2044 | 2,356 |
| 2045 | 6,149 |
| | 14,898 |

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Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

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

Note 17 – Income taxes (Continued)

17.2 International Tax Reform - Pillar Two Model Rules

In May 2023, the IASB issued *International Tax Reform - Pillar Two Model Rules*, which amended IAS 12, *Income Taxes*, for fiscal years on or after December 31, 2023. The Company has performed an assessment of the potential exposure to Pillar Two income taxes. This assessment is based on the most recent Country-by-Country reporting and financial performance of the Company's constituent entities. Based on the assessment conducted, the Company qualifies for the transitional safe harbour in all jurisdictions in which it operates, and management is not aware of any circumstances under which this might change. Therefore, the Group has concluded there is no material impact from the implementation of Pillar Two top-up taxes.

Note 18 – Prior year acquisition and goodwill

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. The Purchase Price Allocation process is now finalized and no measurement period adjustments were made.

| | |
|---|---------|
| 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 |
| Total consideration transferred in cash | 18,806 |
| Cash outflow arising on acquisition: | |
| Cash consideration | 18,806 |
| Less: cash and cash equivalents acquired | (3,791) |
| Net cash flow on acquisition | 15,015 |

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.

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Notes to the Consolidated Financial Statements

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Note 19 – 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, 2025 and June 30, 2024:

| For the six months ended June 30, | 2025 | 2024 |
|--|----------------|-------------|
| Insurance contract liabilities | 75,414 | 208,009 |
| Income taxes | 21,179 | 4,627 |
| Reinsurance contract assets | 15,243 | (325,821) |
| Leases and accrued liabilities | 9,896 | 36,364 |
| Other operating liabilities | 4,595 | 4,679 |
| Other operating assets | 1,135 | (13,407) |
| | 127,462 | (85,549) |