



TRISURA[®]

Trisura Group Ltd.

Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Trisura Group Ltd.

Opinion

We have audited the consolidated financial statements of Trisura Group Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Insurance Contract Liabilities - Refer to Notes 2.2(f), 3.1(a) and 7 to the financial statements

Key Audit Matter Description

The Company establishes an insurance contract liability for its property and casualty insurance business. The liability for the incurred claims component of the insurance contract liabilities represents an estimate of the ultimate cost of all claims incurred but not paid by the statement of financial position date. The estimation process employed in determining future claims and loss adjustment expense payments includes consideration of individual case estimates of claims and loss adjustment expense payments on reported claims, provision for future development of case estimates on reported claims, and a provision for claims and loss adjustment expense related to incurred but not reported ("IBNR") claims.

In estimating the IBNR claims liabilities, the Company uses a range of actuarial methodologies which consider assumptions related to historical loss development factors and payment patterns. While there are several assumptions used in determining the IBNR claims liabilities, the assumptions with the highest degree of subjectivity related to the future development of claims and loss adjustment expenses that have not yet been reported and payment patterns (“significant assumptions”). Auditing the selection of the actuarial methodologies and the significant assumptions involves a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of actuarial specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the selection of the actuarial methodologies and the significant assumptions used to value the IBNR claims liabilities for the property and casualty insurance business included the following, among others:

- On a sample basis, tested the completeness and accuracy of the underlying data used to determine the IBNR claims liabilities.
- With the assistance of actuarial specialists, evaluated management’s actuarial methodologies and the significant assumptions in accordance with actuarial principles and practices under generally accepted actuarial standards of practice.
- With the assistance of actuarial specialists, developed independent estimates for the IBNR claims liabilities for selected lines of business and compared our estimates to management’s estimates.

Other Information

Management is responsible for the other information. The other information comprises:

- Management’s Discussion and Analysis
- The information, other than the financial statements and our auditor’s report thereon, in the Annual Report
- Financial Supplement

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis, Annual Report, and Financial Supplement prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jonathon Dueck.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
February 12, 2026

TRISURA GROUP LTD.

Consolidated Financial Statements

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TRISURA GROUP LTD.
Consolidated Statements of Financial Position

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

As at	Note	December 31, 2025	December 31, 2024
Assets			
Cash and cash equivalents		287,752	270,378
Investments	4,6	1,833,543	1,434,534
Other assets	8	50,340	42,392
Reinsurance contract assets	7.2	2,754,756	2,771,163
Capital assets and intangible assets	9,10,11	43,257	29,383
Deferred tax assets	20	37,473	44,043
Total assets		5,007,121	4,591,893
Liabilities			
Insurance contract liabilities	7.1	3,777,101	3,546,053
Other liabilities	12	170,582	162,302
Debt outstanding	14	134,772	98,272
		4,082,455	3,806,627
Shareholders' equity			
Common shares	15	472,127	481,797
Contributed surplus		13,983	9,796
Retained earnings		404,735	262,489
Accumulated other comprehensive income (loss)		33,821	31,184
		924,666	785,266
Total liabilities and shareholders' equity		5,007,121	4,591,893

See accompanying notes to the Consolidated Financial Statements

On behalf of the Board



George Myhal

Director



David Clare

Director

TRISURA GROUP LTD.
Consolidated Statements of Income

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

For the years ended December 31,	Note	2025	2024
Insurance revenue	7.1	3,108,033	3,118,322
Insurance service expenses	7.1	(2,584,439)	(2,748,110)
Net income (expense) from reinsurance contract assets	7.2	(366,884)	(253,980)
Insurance service result		156,710	116,232
Net investment income (loss)	17	78,675	67,045
Net gains (losses)	18	17,611	26,996
Net credit impairment reversals (losses)		(1,259)	(2,297)
Total investment income (loss)		95,027	91,744
Finance income (expenses) from insurance contracts	7.1	(126,190)	(78,522)
Finance income (expenses) from reinsurance contracts	7.2	109,801	67,732
Net insurance finance income (expenses)		(16,389)	(10,790)
Net financial result		78,638	80,954
Net insurance and financial result		235,348	197,186
Other income		7,563	7,506
Other operating expenses		(48,614)	(42,932)
Other finance costs		(5,035)	(3,270)
Income before income taxes		189,262	158,490
Income tax expense	20	(47,016)	(39,575)
Net income attributable to shareholders		142,246	118,915
Weighted average number of common shares outstanding during the year (in thousands) – basic		47,788	47,707
Earnings per common share (in dollars) – basic	16	2.98	2.49
Earnings per common share (in dollars) – diluted	16	2.93	2.45

See accompanying notes to the Consolidated Financial Statements

TRISURA GROUP LTD.
Consolidated Statements of Comprehensive Income

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

For the years ended December 31,	2025	2024
Net income attributable to shareholders	142,246	118,915
Items that may be or are reclassified subsequently to Net income		
FVOCI investments		
Net unrealized gains (losses)	20,600	8,838
Reclassification of net losses (gains)	6,784	4,118
Income tax benefit (expense)	(6,050)	(3,784)
	21,334	9,172
Items that will not be reclassified subsequently to Net income		
FVOCI equity investments		
Net unrealized gains (losses)	1,834	6,493
Realized gains (losses)	1,731	284
Income tax benefit (expense)	(928)	(1,763)
	2,637	5,014
Cumulative translation gains (losses)	(21,334)	29,657
Other comprehensive income (loss)	2,637	43,843
Total comprehensive income	144,883	162,758

See accompanying notes to the Consolidated Financial Statements

TRISURA GROUP LTD.
Consolidated Statements of Changes in Equity

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

	<i>Note</i>	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		-	-	142,246	-	142,246
Other comprehensive income (loss)		-	-	-	2,637	2,637
Total comprehensive income		-	-	142,246	2,637	144,883
Share issuance	15	813	-	-	-	813
Repurchases of common shares	15	(7,782)	-	-	-	(7,782)
Shares purchased under RSU ⁽²⁾ plan	15	(2,701)	-	-	-	(2,701)
Share based payments		-	4,187	-	-	4,187
Balance as at December 31, 2025		472,127	13,983	404,735	33,821	924,666

		Common shares	Contributed surplus	Retained earnings	AOCI⁽¹⁾	Total
Balance at January 1, 2024		481,023	7,491	143,574	(12,659)	619,429
Net income		-	-	118,915	-	118,915
Other comprehensive income (loss)		-	-	-	43,843	43,843
Total comprehensive income		-	-	118,915	43,843	162,758
Share issuance		2,989	-	-	-	2,989
Shares purchased under RSU ⁽²⁾ plan		(2,215)	-	-	-	(2,215)
Share based payments		-	2,305	-	-	2,305
Balance as at December 31, 2024		481,797	9,796	262,489	31,184	785,266

(1) Accumulated other comprehensive income (loss)

(2) Restricted Share Units

See accompanying notes to the Consolidated Financial Statements

TRISURA GROUP LTD.
Consolidated Statements of Cash Flows

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

For the years ended December 31,	Note	2025	2024
Operating activities			
Net income		142,246	118,915
Items not involving cash:			
Depreciation and amortization		3,896	1,434
Unrealized losses (gains)		(19,011)	(25,766)
Net credit impairment losses (reversals)		1,259	2,297
Stock option expense		2,412	1,518
Change in working capital	22	316,638	68,598
Realized losses (gains) on investments		(1,726)	(2,314)
Income taxes paid		(59,137)	(42,316)
Interest paid		(3,781)	(2,640)
Net cash flows from (used in) operating activities		382,796	119,726
Investing activities			
Proceeds on disposal of investments		350,631	342,306
Purchases of investments		(733,206)	(795,269)
Purchases of capital assets		(4,472)	(3,398)
Acquisition of subsidiary	21	-	(15,015)
Purchases of intangible assets		(658)	(437)
Net cash flows from (used in) investing activities		(387,705)	(471,813)
Financing activities			
Shares issued	15	813	2,989
Shares repurchased	15	(7,782)	-
Shares purchased under RSU plan	15	(2,701)	(2,215)
Loans received	14	36,500	46,607
Loans repaid	14	-	(23,335)
Principal portion of lease payments		(2,029)	(2,006)
Net cash flows from (used in) financing activities		24,801	22,040
Net increase (decrease) in cash and cash equivalents during the year		19,892	(330,047)
Cash, beginning of year		250,383	559,741
Cash equivalents, beginning of year		19,995	44,275
Cash and cash equivalents, beginning of year		270,378	604,016
Impact of foreign exchange on cash and cash equivalents		(2,518)	(3,591)
Cash, end of year		271,422	250,383
Cash equivalents, end of year		16,330	19,995
Cash and cash equivalents, end of year		287,752	270,378

See accompanying notes to the Consolidated Financial Statements

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

(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. The Company’s US business operates as a US property and casualty insurance company. The US business operates in a surplus lines insurer that can write business on a non-admitted basis in all states and as an admitted insurer that can write business on most states. Certain lines of the business operate as a hybrid fronting carrier where a large portion of 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 – Summary of material accounting policies

2.1 Basis of presentation

These Consolidated Financial Statements have been prepared in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

The 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 Consolidated Statements of Financial Position is in order of liquidity. The Company’s functional and presentation currency is Canadian dollars.

These Consolidated Financial Statements were authorized for issuance by the Company’s Board of Directors on February 12, 2026

2.2 Insurance and reinsurance contracts

a) *Classification of insurance and reinsurance contracts*

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

b) *Separating components from insurance and reinsurance contracts*

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS Accounting Standard instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the insurance contract. Currently, the Company’s products do not include any distinct components that require separation.

c) *Level of aggregation*

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant possibility of becoming onerous, and the remainder.

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition.

d) *Recognition*

The Company initially recognizes groups of insurance contracts from the earliest of the following:

- the beginning of the coverage period of the group of contracts,
- the date when the first payment from a policyholder in the group is due, or
- for a group of onerous contracts, when the group becomes onerous.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 2 – Summary of material accounting policies (Continued)

The Company recognizes a group of reinsurance contracts held from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognized, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.
- The date the Company recognizes an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held at or before that date.

e) **Contract boundary**

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services.

A substantive obligation or right ends when the Company has the practical ability to reassess risks and can set a price or level of benefits that fully reflects those risks.

f) **Measurement of insurance and reinsurance contracts**

There are two main measurement models to account for insurance contracts: the general measurement model ("GMM") and the premium allocation approach ("PAA"). Under the GMM, insurance contracts must be valued using current estimates of discounted future cash flows, an explicit risk adjustment for non-financial risk, and a contractual service margin that reflects the present value of the expected profit from fulfilling the contracts which is to be recognized into income over the coverage period. The PAA is a more simplified measurement model that is to be applied to insurance contracts with coverage periods of one year or less or where the liability for remaining coverage ("LRC") under the PAA is not materially different to the LRC under the GMM.

For insurance contracts with coverage period greater than one year, the Company has modelled possible future scenarios and reasonably expects that LRC under the PAA does not differ materially from the LRC under the GMM. Accordingly, the Company applies the PAA to all its insurance and reinsurance contracts.

The Company measures the carrying amount of the LRC at the end of each reporting period as the LRC at the beginning of the year, plus premiums received in the year, minus insurance acquisition cash flows paid, plus any amounts relating to the amortization of the acquisition cash flows recognized as an expense in the reporting period for the Company, plus any adjustment to the financing component, where applicable, minus the amount recognized as insurance revenue for the coverage period, minus any investment component paid or transferred to the liability for incurred claims.

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues, however, adapted to reflect the features of reinsurance contracts that differ from insurance contracts issued, for example the recognition of expenses or reduction in expenses rather than revenue. For reinsurance contracts, on initial recognition, the Company measures the asset for remaining coverage ("ARC") at the amount of ceding premiums paid.

LIC

The Liability for Incurred Claims ("LIC") represents an estimate of the ultimate cost of all claims incurred but not paid by the Statement of Financial Position date.

The estimation process employed in determining future claims and loss adjustment expense ("LAE") payments includes consideration of individual case estimates of claims and LAE payments on reported claims, provision for future development of case estimates on reported claims, and provision for claims and LAE related to incurred but not reported ("IBNR") claims. Further provisions are made for the time value of money. The Company uses qualified actuaries in its reserving processes.

In estimating the IBNR claims, the Company uses a range of actuarial methodologies which consider assumptions related to historical loss development factors and payment patterns. While there are several assumptions that go into determining the IBNR claims, significant management judgment is applied regarding the use of assumptions relating to future development of claims and LAE that have not yet been reported, future rates of claims frequency and severity, claims inflation, payment patterns and reinsurance recoveries, taking into consideration the circumstances of the Company and the nature of the insurance policies. Typically, the delay to ultimate settlement of claims increases the uncertainty of the estimate of the ultimate cost to settle the LIC balance.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 2 – Summary of material accounting policies (Continued)

As a result of the uncertainty in estimation, actual future claims and LAE payments may deviate in quantum and timing, perhaps materially, from the liability recorded in the LIC on the Consolidated Statements of Financial Position. The LIC is reviewed regularly and evaluated in light of emerging claims experience and changing circumstances. Any resulting adjustments to the estimates of the ultimate liability are recorded as Insurance service expense in the year in which such changes are made.

AIC

Reinsurance contract assets, including the Assets for Incurred Claims (“AIC”), are determined using methodologies similar to that of insurance contract liabilities, including the LIC, and require the use of judgment and contain estimation uncertainty in a similar manner to those required to measure the LIC. For reinsurance contract assets, there is also estimation uncertainty and judgment included in the calculation of the provision for reinsurance non-performance. Measurement of recoverable from reinsurers, of which the AIC is a part of, includes estimation related to the expected losses arising from potential default or delayed settlement.

Onerous contracts

To determine if a group of contracts are onerous, the Company considers facts and circumstances based on the expected fulfillment cash flows, pricing data, the outcomes of similar contracts, and the operating and regulatory environment. At initial recognition, the Company assumes that no contracts are onerous, unless facts and circumstances indicate otherwise, as all the Company’s contracts meet the PAA criteria. If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the difference between fulfillment cash flows that relate to the remaining coverage of the group over the carrying amount of the LRC of the group.

Discount rates

Estimates of future cash flows are discounted to reflect the time value of money and financial risks related to those cash flows. The Company discounts estimates of future cash flows using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts.

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

Insurance and reinsurance contracts	Currency	As at December 31, 2025					As at December 31, 2024				
		1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
	CAD	3.30%	4.13%	4.84%	5.41%	5.38%	3.82%	4.20%	4.73%	5.07%	4.97%
	USD	3.84%	4.25%	4.96%	5.76%	6.04%	4.72%	5.17%	5.32%	4.98%	4.92%

Risk adjustment for non-financial risk

The measurement of insurance contract liabilities includes a risk adjustment for non-financial risk to be applied to the present value of the estimated future cash flows. The risk adjustment is the Company’s compensation for bearing the uncertainty relating to non-financial risk. The non-financial risk pertains to the amount and timing of cash flows as the Company fulfils insurance contracts. The risk adjustment replaces the provision for adverse deviation. The Company is applying a quantile approach for its non-financial risks. As at December 31, 2025, the liability for incurred claims, including the risk adjustment, was calculated at a 73% level of confidence (December 31, 2024 - 73%).

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

For reinsurance contract assets, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

g) Modification and derecognition

The Company derecognizes insurance and reinsurance contracts when:

- The rights and obligations relating to the contract are extinguished; or
- The contract is modified such that it results in a change in the measurement model, substantially changes the contract boundary, or requires the modified contract to be included in a different group.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 2 – Summary of material accounting policies (Continued)

In such cases, the Company derecognizes the initial contract and recognizes the modified contract as a new contract. When a modification is not treated as a derecognition, the Company recognizes amounts paid or received for the modification as an adjustment to the relevant asset or liability for remaining coverage.

h) Presentation

Presentation of insurance and reinsurance related items in the Consolidated statements of income include:

- Income and expenses from insurance contracts issued presented separately from net income (expense) from reinsurance contract assets,
- All directly attributable insurance acquisition expenses are included in the insurance service expenses line item, while the remainder of expenses are recorded under other operating expenses.

i) Insurance acquisition cash flows

Insurance acquisition cash flows consist of costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Company defers insurance acquisition cash flows and these expenses are recognized as insurance service expenses as the related premiums are recognized as Insurance revenue.

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic, rational approach that considers all reasonable and supportable information available without undue cost or effort. If directly attributable to a group, cash flows are assigned to that group; if attributable to a portfolio, they are systematically allocated among its groups.

j) Insurance revenue and Insurance service expenses

The Company recognizes insurance revenue for each period over the coverage period of a group of contracts. Premiums are earned over the terms of the related policies, generally on a pro rata basis. There are some instances where premiums are earned over the term of the policy in accordance with the risk profile of those policies with more premiums being earned when the risk exposure from the policy is greatest.

Insurance service expenses consist of amortization of insurance acquisition cash flows, incurred claims and other insurance expenses, and losses on onerous groups of contracts and reversals of such losses.

k) Income (expense) from reinsurance contract assets

Income and expenses from reinsurance contracts are presented separately from revenue and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented in one line as "net income (expense) from reinsurance contract assets" in the insurance service result.

The Company presents on the face of the statements of income, the income and expenses from a group of reinsurance contracts, other than insurance finance income or expenses, as a single amount, including the amounts expected to be recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. The Company recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

l) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk.

The Company records insurance finance income or expenses on insurance contracts issued in net income, including the impact of changes in market interest rates on the value of the insurance assets and liabilities. The Company's related financial assets backing the portfolios are predominantly measured at Fair Value Through Other Comprehensive Income ("FVOCI").

m) Other income

The Company also has contracts other than insurance and reinsurance contracts which are recognized in Other income on an accrual basis.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 2 – Summary of material accounting policies (Continued)

2.3 Financial Instruments

The Company classifies all of its financial instruments based on the business model for managing the instruments and their contractual terms.

Financial liabilities, such as Debt outstanding and other liabilities are measured at amortized cost. Derivative liabilities and cash-settled Share based payments, which are grouped with other liabilities, are carried at fair value.

a) *Classification and measurement*

Business model assessment

The Company determines its investment business model by considering its insurance activities. In addition, judgment is used in concluding which model aligns best with its core business objectives and practices. Factors that are used in business model decisions include how insurance business generates benefits, significant risks facing the assets and liabilities of the business, how compensation is determined for portfolio managers responsible for managing investments, as well as historical and projected turnover of the investment portfolio to fund insurance business on a day-to-day basis. The Company's business models fall into two categories, which are indicative of the key strategies to generate returns:

- The Company's primary business model is held-to-collect and sell which provides a desired flexibility to support the Company's insurance business i.e., contractual cash flows from financial assets are collected by holding such investments, and these financial assets are sold when required to fund insurance contract liabilities.
- The Company also carries certain financial assets under the held-to-collect business model where the emphasis is to collect contractual cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.

SPPI assessment

Financial assets which are held within held-to-collect and sell and held-to-collect business models are assessed to evaluate if their contractual cash flows are comprised of Solely Payments of Principal and Interest ("SPPI"). Contractual cash flows generally meet SPPI criteria if such cash flows reflect compensation for basic credit risk and customary returns from a debt instrument which also includes the time value of money. Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Debt instruments

The classification and measurement of debt instruments is dependent on the business model under which the Company manages its investments as well as their cash flow characteristics (refer to SPPI assessment). They are reclassified when and only when the business model for managing those assets changes.

Amortized cost	FVOCI	FVTPL
Assets held for the collection of contractual cash flows. Cash flows represent solely payments of principal and interest.	Assets held for the collection of contractual cash flows and for sale. Cash flows represent solely payments of principal and interest.	Assets that do not meet the criteria for amortized cost nor FVOCI are measured at FVTPL. An irrevocable election can be made (on an instrument-by-instrument basis) to designate assets as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Equity instruments

There are two measurement categories under which an equity instrument could be classified: FVTPL or FVOCI.

FVTPL	FVOCI
Default classification for all equity instruments.	Irrevocable election (on an instrument-by-instrument basis) on the date of acquisition. Designation is not permitted if the equity instrument is held for trading.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 2 – Summary of material accounting policies (Continued)

Classifications of financial instruments

The Company's classification of its significant financial instruments is as follows:

Classification	Financial instruments	Description	Initial measurement and subsequent measurement
FVTPL	Debt instruments	Debt instruments in this category are those whose cash flow characteristics fail the SPPI test or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell.	FVTPL financial instruments are carried at fair value and recognized on the trade date, with the changes in fair value recognized in net income. Transaction costs related to FVTPL financial instruments are expensed in net investment income. Financial assets at FVTPL are recorded in the Statement of Financial Position at fair value. Changes in fair value are recorded in net income. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using a contractual interest rate on an effective interest rate basis.
	Equity instruments	All common share portfolios and certain preferred shares which are classified as FVTPL.	Dividend income from equity instruments measured at FVTPL is recorded in net income as net investment income when the right to the payment has been established.
FVOCI	Equity instruments	Instruments in this category largely comprise certain Preferred shares that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions. These equity instruments are not held for trading and the Company has elected the Other comprehensive income (loss) ("OCI") option for the instrument.	FVOCI financial instruments are carried at fair value and recognized on the trade date, with changes in fair value recorded as unrealized gains/losses in other comprehensive income. Transaction costs related to financial instruments classified as FVOCI are capitalized on initial recognition and, where applicable, amortized to interest income using the effective interest method. FVOCI equity instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Foreign exchange gains and losses are included as unrealized gains (losses) within OCI. Dividend income is recognized in net income in the same manner as for financial assets measured at amortized cost. No impairment or ECL calculation is performed for FVOCI equity instruments. On derecognition, cumulative gains or losses previously recognized in OCI are not reclassified from OCI to net income.
	Debt instruments	Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions. The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets, and the contractual terms of these financial assets meet the SPPI test.	FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in net income in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to net income.
Amortized cost	Debt instruments	These instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows, and the contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Financial instruments are held at amortized cost when they have fixed or determinable payments and are not quoted in an active market. Transaction costs are capitalized on initial recognition and are recognized in investment income using the effective interest rate method. The Company has classified the financial instruments included in other assets (excluding derivative assets) as amortized cost. These are initially measured at fair value at the issuance date net of transaction costs and subsequently measured at amortized cost using the effective interest method.

Financial liabilities, such as Debt outstanding and other liabilities are measured at amortized cost. Derivative liabilities and cash-settled Share based payments, which are grouped with other liabilities, are carried at fair value.

The effective interest rate method

Interest income is recorded using the effective interest rate ("EIR") method for all financial assets measured at amortized cost. Interest income on interest bearing financial assets measured at FVOCI is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 2 – Summary of material accounting policies (Continued)

The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

b) Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values by management, which includes input from the Company's third-party investment managers.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Investments carried at fair value are classified in accordance with a valuation hierarchy that reflects the significance of the inputs used in determining their fair value. Under Level 1 of this hierarchy, fair value is derived from unadjusted quoted prices in active markets for identical investments. Under Level 2, fair value is derived from market inputs that are directly or indirectly observable, other than unadjusted quoted prices for identical investments. Level 2 financial instruments comprise fixed income securities such as over the counter bonds and derivative financial instruments such as foreign currency forwards, equity and interest rate swap agreements which are not considered as actively traded or for which fair values are based on valuation techniques. Inputs used in their valuation include prevailing market rates for fixed income securities with similar characteristics and risk profiles.

Valuation of Level 3 assets

Under Level 3, fair value is derived from inputs, some of which are not based on observable market data. Valuation of Level 3 assets involves assumptions and estimation uncertainty to determine appropriate valuation methodology and valuation inputs.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Significant unobservable inputs and valuation adjustments are regularly reviewed. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed in light of the requirements of IFRS, including the level in the fair value hierarchy in which such investments should be classified.

If the inputs used to measure the fair value of an asset or a liability are categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

c) Derivative financial instruments

Derivative financial instruments are classified as FVTPL. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. Based on market prices, fair value adjustments and realized gains or losses are recognized in Net gains (losses) in the Consolidated Statements of Income.

Derivative financial instruments are typically entered into with the intention to settle in the near future.

d) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statements of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

e) Revenue and expense recognition

Net investment income

- Interest income from loans is recognized on an accrual basis, using the effective interest rate method.
- Dividends are recognized when the shareholders' right to receive payment is established, which is the ex-dividend date.
- Income on debt securities is classified as follows:
 - FVOCI is recognized in interest income using the effective interest rate method, including the amortization of premiums earned or discounts incurred as well as transaction costs.
 - FVTPL is recognized in interest income except that transaction costs are expensed as incurred.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 2 – Summary of material accounting policies (Continued)

Net gains (losses) on investment portfolio

- Gains and losses on the sale of FVOCI debt as well as FVTPL debt and equity securities are generally calculated on a first in, first out basis.
- Transaction costs associated with the acquisition of financial instruments classified or designated as FVTPL are expensed as incurred; otherwise, transaction costs are capitalized on initial recognition and amortized using the effective interest method.
- Transaction costs incurred at the time of disposition of a financial instrument are expensed as incurred.

f) *Derecognition of financial assets and liabilities*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Except for preferred shares that are classified as FVTPL, any gain or loss arising on derecognition is recognized directly in net income and presented in realized gains or losses on investments. For preferred shares classified as FVOCI, any gain or loss arising on derecognition remains in OCI and will not be reclassified to Net income.

Financial liabilities are no longer recognized when they have expired or have been cancelled.

g) *Impairment of financial assets*

Expected credit loss (“ECL”)

The measurement of impairment losses across relevant financial assets requires judgment, assumptions and estimation uncertainty, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

ECL is based on probability of default, loss given default and exposure at default inputs and takes into account the expected timing of the loss. The ECL model also incorporates forward-looking economic information. The Company records an allowance for ECLs for all debt instruments measured at amortized cost or FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate. The economic environment gives rise to uncertainty and affects significant estimates and assumptions made, such as the allowance for expected credit losses.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (“12-month ECL”). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (“a lifetime ECL” or LTECL).

The majority of the Company’s debt instruments at FVOCI comprise quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Company’s policy to measure such instruments on a 12-month ECL basis.

Significant assumptions are made with respect to the allowance for ECL. The ECL model incorporates forward-looking economic information. The economic environment gives rise to uncertainty and affects significant estimates and assumptions made, such as the allowance for expected credit losses.

2.4 Cash and cash equivalents

Cash and cash equivalents include short-term investments with original maturities of 90 days or less. The Company has classified cash and cash equivalents at amortized cost, which approximates fair value.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 2 – Summary of material accounting policies (Continued)

2.5 Capital assets

Capital assets are carried at cost less accumulated depreciation and impairment losses. Depreciation is provided over the estimated useful lives of these assets using the following rates and methods:

Office equipment	30% – 40%, declining balance
Furniture and fixtures	20% – 25%, declining balance
Leasehold improvements	Straight-line over the term of the lease

Right-of-use (“ROU”) assets are measured at cost less accumulated depreciation and impairment losses.

The ROU assets are depreciated over the earlier of the end of the useful life of the underlying asset or the end of the term of the underlying lease contracts. The lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Short-term leases or leases of low-value assets are accounted for by recognizing the lease payments associated with those leases as an expense on a straight-line basis over the term of the leases.

The carrying amounts of the Company’s non-financial assets are assessed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated and the carrying value is reduced to the estimated recoverable amount by means of an impairment charge to net income. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

2.6 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses. Amortization is provided over the estimated useful lives of those assets. A 40% amortization rate and the declining balance method of amortization, or 3 years, straight-line method of amortization are applied to computer software. A 20% amortization rate and the declining balance method of amortization are applied to the customer lists recorded as intangible assets. Licenses and goodwill have indefinite useful lives and are not amortized. Intangible assets with finite lives are amortized over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite lives are not subject to amortization, but are tested for impairment on an annual basis at the Cash Generating Unit level.

2.7 Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method of tax allocation, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities, and are measured using the tax rates and laws that are expected to be in effect in the periods in which the deferred income tax assets or liabilities are expected to be settled or realized, where those tax rates and laws have been substantively enacted.

Deferred tax assets are only recognized to the extent that it is probable that they will be realized.

Estimates are used to determine the value of the deferred tax asset balance based on the assumption that the Company will generate taxable income in future years. Estimates are used to determine the taxes payable balance based on applicable tax legislation. For items in other comprehensive income (loss) (“OCI”), the related tax is also presented in other comprehensive income (loss). To the extent that the Company’s interpretations of tax laws differ from those of tax authorities or that the timing of realization of deferred tax assets is not as expected, the provision for income taxes may increase or decrease in future periods to reflect actual experience.

2.8 Foreign currency

a) *Functional and presentation currency*

The Company’s functional and presentation currency is Canadian dollars. Foreign currency transactions are translated into Canadian dollars at the foreign exchange rate in effect on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate in effect at the Statement of Financial Position date. Foreign exchange differences arising on translation are recognized in net income. Foreign currency non-monetary assets and liabilities which are measured at historical cost are recorded at the exchange rate in effect at the date of transaction. Foreign currency non-monetary assets and liabilities which are measured at fair value are recorded at the exchange rate in effect at the date that fair value was determined.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 2 – Summary of material accounting policies (Continued)

For debt securities with fixed maturities classified as FVOCI, foreign exchange differences resulting from changes in amortized cost are recognized in net income, while foreign exchange differences arising from unrealized fair value gains and losses are included as unrealized gains (losses) within other comprehensive income (loss). For other financial instruments classified as FVOCI, foreign exchange differences are included as unrealized gains (losses) within other comprehensive income (loss).

b) Financial statements of foreign operations

For foreign operations that have a functional currency other than Canadian dollars, the results and financial position of such operations are translated into Canadian dollars. Assets and liabilities of the foreign operations are translated at the foreign exchange rates in effect at the Statement of Financial Position date, and income and expenses are translated at average rates approximating the foreign exchange rates in effect at the dates of the transactions.

Foreign exchange differences arising from the translation to Canadian dollars are recognized as cumulative translation adjustment in other comprehensive income (loss).

2.9 Transaction costs

The Company accounts for transaction costs that are incremental and directly attributable to an equity transaction as a deduction from equity.

2.10 Share based compensation

The Company's accounting policies with respect to share based compensation are in accordance with IFRS 2, *Share based payment*.

a) Equity-settled stock option plan

The Company maintains an equity-settled stock option plan, which is further described in Note 26.1. The value of equity-settled stock options is measured at the grant date, and the cost is recognized in other operating expenses as an expense over the vesting period. Obligations related to equity-settled stock option plans are recorded in shareholders' equity as contributed surplus. Any consideration paid by stock option holders to exercise the options increases share capital. The Company uses the Black-Scholes model to measure the fair value of stock options. Inputs to the model include a volatility measure, a risk-free rate and expected life of the options.

b) Cash-settled share based plan

The Company maintains a cash-settled share based plan, which is further described in Note 26.2. The cost of cash-settled share based options is recognized in other operating expenses as an expense over the vesting period. Obligations related to cash-settled share based plans are recorded as liabilities at fair value in other liabilities. At each reporting date, obligations related to the plan are re-measured at fair value with reference to the fair value of the Company's stock price and the number of units that have vested. The corresponding share based compensation expense or recovery is recognized over the vesting period. The Company uses the Black-Scholes model to measure the fair value of cash-settled share based options. Inputs to the model include a volatility measure, a risk-free rate and expected life of the options.

c) Deferred share units plan ("DSU")

The Company has adopted a non-employee director DSU plan, which is further described in Note 26.3. This entitles the participants to receive, following the end of the director's tenure as a member of the Board, an amount equivalent to the value of a common share at settlement, for each DSU unit that the participant holds. Obligations related to the plan are recorded as liabilities at fair value in other liabilities, and re-measured at each reporting date at fair value with reference to the fair value of the Company's stock price and the number of units that have vested. The cost of the DSUs is recognized in other operating expenses in the period they are awarded.

d) Equity-settled restricted share units plan ("RSU")

The Company has adopted an RSU plan, which is further described in Note 26.4. This entitles certain employees to receive RSUs based on the market value of the Company's common shares at the grant date. These RSUs typically vest over the course of three years, however in some instances the vesting period may differ. Obligations related to the equity-settled RSU plan are recorded in shareholders' equity as contributed surplus. The cost of the RSUs is recognized in other operating expenses over the course of the vesting period.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 2 – Summary of material accounting policies (Continued)

2.11 Accounting policy amendments

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.

b) IFRS 7 and IFRS 9 – Classification and Measurement of Financial Instruments

In May 2024, the IASB issued 'Amendments to the Classification and Measurement of Financial Instruments' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'. The amendments are effective for reporting periods beginning on or after January 1, 2026. The amendments emphasize that for most transactions, derecognition of financial assets and liabilities occurs on the settlement date. The Company has assessed the amendments and does not expect them to have a material impact on its financial statements.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 3 – Critical accounting judgments and estimates in applying accounting policies

3.1 Critical accounting judgments in applying the Company's accounting policies

The preparation of Consolidated Financial Statements in accordance with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Judgments are used in applying the accounting policies used to prepare financial statements. Those judgments affect the carrying amount of certain assets and liabilities and the reported amounts of revenues and expenses recorded during the year.

Judgment area	Description	Reference
<i>a) Insurance and reinsurance contracts</i>	<p>Judgment is used to determine the following:</p> <ul style="list-style-type: none"> i) Onerous contracts: <ul style="list-style-type: none"> • whether groups of contracts are onerous; ii) LIC and AIC measurement: <ul style="list-style-type: none"> • assessing the most appropriate technique to estimate insurance liabilities for the claims incurred, as well as reinsurance assets for incurred claims. In certain instances, different techniques or a combination of techniques have been selected for individual accident years or groups of accident years within the same type of contracts. Other key circumstances affecting the reliability of assumptions include variation in interest rates, cost of capital, delays in settlement and changes in foreign currency exchange rates. iii) Discounting of insurance contract liabilities and reinsurance contract assets: <ul style="list-style-type: none"> • selecting discount rates to apply to insurance liabilities and insurance assets. Estimates of future cash flows are discounted to reflect the time value of money and financial risks related to those cash flows. iv) Risk adjustment: <ul style="list-style-type: none"> • the methods and assumptions used to determine the risk adjustment for non-financial risk; v) Measurement model: <ul style="list-style-type: none"> • whether contracts which are greater than one year qualify for PAA; • For PAA, judgment is also used in determining the materiality threshold and the coverage period on certain contracts; 	Note 2.2
<i>b) Financial assets</i>	Judgment is used in determining the classification of financial assets as FVOCI, FVTPL or amortized cost. The measurement of impairment losses across relevant financial assets requires judgment, assumptions and estimation uncertainty, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk.	Note 2.3
<i>c) Determination of reportable segments and allocation methodology in the presentation of segmented information</i>	Judgment is used in the determination of reportable operating segments, as well as in allocating operating expenses by segment.	Note 19

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 3 – Critical accounting judgments and estimates in applying accounting policies (Continued)

3.2 Assumptions and estimation uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the Consolidated financial statements is included below. Any changes in estimates are recorded in the year in which they are determined. Accordingly, actual results may differ from these and other estimates thereby impacting future financial statements:

Description	Reference
Valuation of insurance contract liabilities, reinsurance contract assets	Note 2.2
Measurement of recoverable from reinsurers	Note 2.2 and Note 23.2(d)
Impairment of goodwill	Note 21
Valuation of level 3 assets	Note 2.3 and Note 6
ECL calculations	Note 2.3 and Note 4.2
Impairment of financial assets	Note 2.3 and Note 4.2
Measurement of income taxes, recoverability of deferred tax assets	Note 2.7 and Note 20

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 December 31, 2025	FVOCI	FVTPL	Amortized cost	Total
Cash and cash equivalents	-	-	287,752	287,752
Investments				
Short-term securities	-	-	15,305	15,305
Fixed income ⁽¹⁾	1,331,791	163,762	2,000	1,497,553
Common shares	-	60,734	-	60,734
Preferred shares	112,015	78,254	-	190,269
Alternatives	-	69,682	-	69,682
Total investments	1,443,806	372,432	17,305	1,833,543
Total cash, cash equivalents and investments	1,443,806	372,432	305,057	2,121,295
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 December 31, 2025, included in Fixed income are exchange-traded debt funds amounting to \$140,356 (December 31, 2024 - \$140,793).

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

(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 December 31, 2025 and December 31, 2024 were as follows:

As at December 31, 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	-	15,305	-	-	15,305	15,305
Fixed income	163,762	1,312,893	20,898	-	1,333,791	1,497,553
Common shares	60,734	-	-	-	-	60,734
Preferred shares	78,254	110,072	1,943	-	112,015	190,269
Alternatives	69,682	-	-	-	-	69,682
	372,432	1,438,270	22,841	-	1,461,111	1,833,543

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 ECL of \$6,848 as at December 31, 2025 (December 31, 2024 – \$5,589) does not reduce the carrying amount of these investments in the Consolidated Statements of Financial Position.

Impairment losses on financial investments subject to impairment assessment

For the years ended December 31, 2025 and 2024, an analysis of changes in the fair value and the corresponding ECL is as follows:

	For the year ended December 31, 2025			For the year ended December 31, 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	634,440	-	634,440	723,527	-	723,527
Assets derecognized or matured	(288,672)	(2,050)	(290,722)	(262,250)	-	(262,250)
Change in fair value	(6,273)	(11)	(6,284)	1,955	(702)	1,253
Net foreign exchange income (loss)	(25,757)	-	(25,757)	29,704	-	29,704
Movement between 12mECL and LTECL	1,492	(1,492)	-	(4,504)	4,504	-
Ending fair value	1,330,792	999	1,331,791	1,015,562	4,552	1,020,114

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 4 – Investments (Continued)

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	12mECL	LTECL	Total	12mECL	LTECL	Total
Beginning ECL	3,523	2,066	5,589	3,193	99	3,292
New assets purchased	3,838	-	3,838	2,317	-	2,317
Assets derecognized or matured	(285)	(2,800)	(3,085)	(297)	-	(297)
Movement in ECL	(243)	749	506	(709)	986	277
Movement between 12mECL and LTECL	1	(1)	-	(981)	981	-
Ending ECL	6,834	14	6,848	3,523	2,066	5,589

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 December 31, 2025, the Company has pledged cash, cash equivalents and short-term deposits amounting to \$163 (December 31, 2024 – \$111), under insurance and reinsurance trust arrangements and are therefore not readily available for general use by the Company.

As at December 31, 2025, the Company pledged \$14,426 (December 31, 2024 – \$11,790) of fixed income investments, and \$2,525 (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 December 31, 2025 and December 31, 2024:

As at	December 31, 2025			December 31, 2024		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
Foreign currency contracts						
Forwards	143,047	622	549	136,744	-	1,611
Equity contracts						
Swap agreement	12,371	13,032	-	12,990	12,530	-
	155,418	13,654	549	149,734	12,530	1,611
Term to maturity						
less than one year	155,418	13,654	549	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 December 31, 2025 are \$88,301 USD (December 31, 2024 – \$76,157 USD), €12,068 EUR (December 31, 2024 – €1,603 EUR) and £1,320 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 12) and gains and losses are recorded in net gains (losses) (see Note 18).

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 6 – Fair value measurement

The following sets out the financial instruments measured at fair value and classified in accordance with the fair value hierarchy as at December 31, 2025 and December 31, 2024:

As at December 31, 2025	Total fair value	Level 1	Level 2	Level 3
Fixed income	1,495,553	-	1,495,553	-
Common shares	60,734	60,734	-	-
Preferred shares	190,269	176,264	14,005	-
Alternatives	69,682	-	-	69,682
Total investments	1,816,238	236,998	1,509,558	69,682
Derivative financial assets	13,654	-	13,654	-
Financial assets	1,829,892	236,998	1,523,212	69,682
Financial liabilities	549	-	549	-

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 December 31, 2025 and December 31, 2024. For the years ended December 31, 2025 and December 31, 2024, there were no transfers between levels.

	December 31, 2025	December 31, 2024
Balance at beginning of year	68,379	56,778
Realized and unrealized gains (losses)	3,922	(1,011)
Purchase of securities	5,321	10,153
Sale of securities	(5,328)	(2,676)
Foreign exchange	(2,612)	5,135
Balance at end of year	69,682	68,379

The following table presents quantitative information about the significant fair value inputs utilized by the Company for Level 3 assets:

	Fair value as at December 31, 2025	Fair value as at December 31, 2024	Valuation technique
Private equity funds	69,682	68,379	Net asset value ⁽¹⁾

(1) Based on the net asset value of the equity fund and market transactions which approximate the fair value of the investment.

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Note 7 – Insurance and reinsurance contracts

7.1 Roll-forward of Insurance contract liabilities ("ICL") showing LRC and 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	(3,108,033)	-	-	(3,108,033)
Insurance service expenses:				
Incurred claims and other directly attributable expenses	62,536	1,458,203	133,608	1,654,347
Changes that relate to past service	-	157,341	(76,700)	80,641
Insurance acquisition cash flows amortization	849,451	-	-	849,451
Insurance service result from insurance contracts	(2,196,046)	1,615,544	56,908	(523,594)
Finance expense (income) from insurance contracts	-	126,190	-	126,190
Effects of exchange rate movements	(13,859)	(103,644)	(20,224)	(137,727)
Total amounts recognized in comprehensive income	(2,209,905)	1,638,090	36,684	(535,131)
Cash flows:				
Premiums received	3,150,331	-	-	3,150,331
Claims and other directly attributable expenses paid	-	(1,417,764)	-	(1,417,764)
Insurance acquisition cash flows	(966,388)	-	-	(966,388)
Total cash flows	2,183,943	(1,417,764)	-	766,179
Ending balance of ICL, as at December 31, 2025	541,410	2,859,989	375,702	3,777,101

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	(3,118,322)	-	-	(3,118,322)
Insurance service expenses:				
Incurred claims and other directly attributable expenses	57,431	1,619,315	128,132	1,804,878
Changes that relate to past service	-	185,772	(37,315)	148,457
Insurance acquisition cash flows amortization	794,775	-	-	794,775
Insurance service result from insurance contracts	(2,266,116)	1,805,087	90,817	(370,212)
Finance expense (income) from insurance contracts	-	78,522	-	78,522
Effects of exchange rate movements	30,907	155,267	20,806	206,980
Total amounts recognized in comprehensive income	(2,235,209)	2,038,876	111,623	(84,710)
Cash flows:				
Premiums received	2,913,889	-	-	2,913,889
Claims and other directly attributable expenses paid	-	(1,240,926)	-	(1,240,926)
Insurance acquisition cash flows	(812,151)	-	-	(812,151)
Total cash flows	2,101,738	(1,240,926)	-	860,812
Ending balance of ICL, as at December 31, 2024	567,372	2,639,663	339,018	3,546,053

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Notes to the Consolidated Financial Statements

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

Note 7 – Insurance and reinsurance contracts (Continued)

7.2 Roll-forward of reinsurance contract assets ("RCA") showing ARC and AIC

	2025			Total
	ARC	AIC		
Reinsurance contracts held		Present value of future cash flows	Risk adj. for non-financial risk	
Opening reinsurance contract assets	300,648	2,278,620	298,851	2,878,119
Opening reinsurance contract liabilities	(106,956)	-	-	(106,956)
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)	(2,335,109)	-	-	(2,335,109)
Claims recovered:				
Amounts recoverable for incurred claims and other directly attributable expenses	541,730	1,216,170	115,576	1,873,476
Changes to amounts recoverable for incurred claims	-	159,290	(64,541)	94,749
Net income (expense) from reinsurance contracts assets	(1,793,379)	1,375,460	51,035	(366,884)
Finance income (expense) from reinsurance contracts	-	109,801	-	109,801
Effects of exchange rate movements	(8,416)	(92,488)	(18,757)	(119,661)
Total amounts recognized in comprehensive income	(1,801,795)	1,392,773	32,278	(376,744)
Cash flows:				
Premiums paid, net of ceding commissions, claims recovered, and other directly attributable expenses paid	1,569,803	(1,209,466)	-	360,337
Total cash flows	1,569,803	(1,209,466)	-	360,337
Closing reinsurance contract assets	147,179	2,461,927	331,129	2,940,235
Closing reinsurance contract liabilities	(185,479)	-	-	(185,479)
Ending balance of RCA, as at December 31, 2025	(38,300)	2,461,927	331,129	2,754,756

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Note 7 – Insurance and reinsurance contracts (Continued)

	2024			Total
	ARC	AIC	Risk adj. for non-financial risk	
Reinsurance contracts held		Present value of future cash flows		
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)	(2,431,236)	-	-	(2,431,236)
Claims recovered:				
Amounts recoverable for incurred claims and other directly attributable expenses	545,338	1,400,929	113,137	2,059,404
Changes to amounts recoverable for incurred claims	-	152,577	(34,725)	117,852
Net income (expense) from reinsurance contracts assets	(1,885,898)	1,553,506	78,412	(253,980)
Finance income (expense) from reinsurance contracts	-	67,732	-	67,732
Effects of exchange rate movements	19,832	139,648	18,840	178,320
Total amounts recognized in comprehensive income	(1,866,066)	1,760,886	97,252	(7,928)
Cash flows:				
Premiums paid, net of ceding commissions, claims recovered, and other directly attributable expenses paid	1,848,144	(1,072,642)	-	775,502
Total cash flows	1,848,144	(1,072,642)	-	775,502
Closing reinsurance contract assets	300,648	2,278,620	298,851	2,878,119
Closing reinsurance contract liabilities	(106,956)	-	-	(106,956)
Ending balance of RCA, as at December 31, 2024	193,692	2,278,620	298,851	2,771,163

7.3 Reinsurance non-performance

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 \$8,921 as at December 31, 2025 (December 31, 2024 – \$13,507).

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Note 8 – Other assets

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

As at	December 31, 2025	December 31, 2024
Accrued investment income	18,880	14,000
Derivative financial assets	13,654	12,530
Tax recoveries	12,618	4,118
Prepaid expenses	3,995	2,711
Other assets	1,193	9,033
Total	50,340	42,392

Note 9 – Leases

The Company leases office premises for its own use. As at December 31, 2025, ROU assets of \$20,528 (December 31, 2024 – \$8,613) are recorded in Capital assets and intangible assets, along with \$22,729 (December 31, 2024 – \$20,770) of other capital assets and intangible assets.

Information about leases for which the Company is a lessee is presented below:

As at	December 31, 2025	December 31, 2024
Right-of-use assets	Premises	Premises
Balance, beginning of year	8,613	9,042
Additions	15,165	1,549
Depreciation	(3,069)	(2,239)
Disposals	-	(74)
Foreign exchange	(181)	335
Balance, end of year	20,528	8,613

As at	December 31, 2025	December 31, 2024
Lease liabilities maturity analysis		
Less than one year	2,404	2,754
One to five years	11,542	5,498
More than five years	16,547	2,346
Total undiscounted lease liabilities	30,493	10,598
Lease liabilities included in the Statements of Financial Position	22,254	9,302
Total cash outflow for leases recognized in the Statements of Cash Flows	2,887	2,415

Amounts recognized in Consolidated Statements of Income for the years ended	December 31, 2025	December 31, 2024
Interest on lease liabilities	858	408
Income from subleasing right-of-use assets	-	7

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Note 10 – Capital assets

The Company's capital assets consist of the following as at December 31, 2025 and December 31, 2024:

	As at December 31, 2025			As at December 31, 2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	2,874	(1,192)	1,682	4,366	(2,200)	2,166
Office equipment	6,664	(3,467)	3,197	4,245	(2,677)	1,568
Furniture and fixtures	5,325	(2,870)	2,455	1,949	(897)	1,052
	14,863	(7,529)	7,334	10,560	(5,774)	4,786

Note 11 – Intangible assets

The Company's intangible assets consist of the following as at December 31, 2025 and December 31, 2024:

	December 31, 2025					December 31, 2024				
	Computer software	Customer list	Licenses	Goodwill	Total	Computer software	Customer list	Licenses	Goodwill	Total
Opening CV ⁽¹⁾	721	855	2,900	11,508	15,984	597	1,069	2,668	-	4,334
Additions	658	-	-	-	658	437	-	-	10,847	11,284
Amortization	(408)	(171)	-	-	(579)	(313)	(214)	-	-	(527)
Foreign exchange	-	-	(135)	(533)	(668)	-	-	232	661	893
Closing CV ⁽¹⁾	971	684	2,765	10,975	15,395	721	855	2,900	11,508	15,984

(1) Carrying value.

Note 12 – Other liabilities

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

As at	December 31, 2025	December 31, 2024
Deposits in trust ⁽¹⁾	96,777	100,608
Accrued liabilities	30,365	27,224
Lease liabilities	22,254	9,302
Share based payment plan	12,010	11,301
Taxes payable	5,267	6,722
Derivative financial liabilities	549	1,611
Deferred tax liabilities	-	694
Other liabilities	3,360	4,840
	170,582	162,302

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

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Note 13 – 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 domiciled. 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 14 – Debt outstanding

14.1 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.

There have been no changes to the letter of credit issued between December 31, 2024 and December 31, 2025. An amount of \$59,772 (December 31, 2024 – \$23,272) has 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 December 31, 2025 and December 31, 2024.

14.2 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 December 31, 2025 and December 31, 2024.

	Maturity date	Term (years)	Fixed rate	Coupon (payment)	Principal amount	Carrying value	
						December 31, 2025	December 31, 2024
Revolving credit facility					59,772	59,772	23,272
Senior unsecured notes	June 11, 2026	5	2.64%	Jun, Dec	75,000	75,000	75,000
					134,772	134,772	98,272

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Note 15 – Share capital

15.1 Issued and outstanding

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

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

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

As at	December 31, 2025		December 31, 2024	
	Number of common shares	Amount (in thousands)	Number of common shares	Amount (in thousands)
Balance, beginning of year	47,615,902	481,797	47,439,770	481,023
Common share repurchased	(190,030)	(7,782)	-	-
Shares under RSU plan	(83,101)	(2,701)	(23,854)	(2,215)
Common shares issued	30,000	813	199,986	2,989
Balance, end of year	47,372,771	472,127	47,615,902	481,797

As part of the RSU 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 December 31, 2025, the Company has an aggregate of 47,809,021 common shares (December 31, 2024 – 47,779,021 common shares) outstanding, which includes 436,250 treasury shares (December 31, 2024 – 163,119 treasury shares).

15.2 Normal course issuer bid

On December 9, 2025, the Company renewed the normal course issuer bid ("NCIB") program to purchase for cancellation during the next twelve months up to 3% of the Company's issued and outstanding common shares. For the year ended December 31, 2025, 190,030 common shares were repurchased at an average price of \$40.94 per share.

Note 16 – 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.

	2025	2024
Net income attributable to common shareholders	142,246	118,915
Weighted-average number of common shares outstanding (in shares)	47,788,314	47,707,201
EPS – basic (in dollars)	2.98	2.49
Dilutive effect of the conversion of options on common shares (in shares)	771,663	815,634
Diluted weighted-average number of common shares outstanding (in shares)	48,559,977	48,522,835
EPS – diluted (in dollars)	2.93	2.45

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Note 17 – Net investment income (loss)

	2025	2024
Cash and cash equivalents, and short-term securities	8,715	19,006
FVOCI bonds	55,090	34,105
FVTPL bonds	7,287	7,396
Interest income	71,092	60,507
FVTPL common shares	2,683	2,724
FVTPL preferred shares	4,838	3,878
FVOCI preferred shares	4,487	3,464
Dividend income	12,008	10,066
Investment expenses	(4,425)	(3,528)
Net investment income (loss)	78,675	67,045

Note 18 – Net gains (losses)

	2025	2024
FVOCI financial instruments:		
FVOCI fixed income	387	1,712
FVOCI equity securities	3	-
FVTPL financial instruments:		
FVTPL fixed income	2,046	939
FVTPL equity securities	17,620	14,645
FVTPL alternatives	3,807	(831)
	23,863	16,465
Derivatives ⁽¹⁾ :		
Swap agreements	1,186	1,053
Embedded derivatives	(1,333)	(630)
Net foreign currency gains (losses)	(6,105)	10,108
Net gains (losses)	17,611	26,996

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

Note 19 – Segmented information

19.1 Reportable segments

As at December 31, 2025, the Company has two reportable segments. Trisura Specialty consists of Surety and Corporate Insurance, written in Canada and the US, as well as Warranty and Canadian Fronting written only in Canada. Trisura US Programs consists of a broad range of admitted and surplus lines in the US focused on the programs space written through a highly reinsured model.

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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Notes to the Consolidated Financial Statements

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Note 19 – Segmented information (Continued)

19.2 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 year ended December 31, 2025	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Net insurance revenue ⁽¹⁾	558,137	207,956	-	766,093
Net investment income	-	-	78,675	78,675
Segment revenue	558,137	207,956	78,675	844,768
Net claims ⁽²⁾	(106,196)	(146,711)	-	(252,907)
Net expenses ⁽³⁾	(375,400)	(22,453)	-	(397,853)
Corporate operating expenses ⁽⁴⁾	-	-	(4,630)	(4,630)
Other finance costs	-	-	(5,035)	(5,035)
Operating earnings before tax	76,541	38,792	69,010	184,343
For the year ended December 31, 2024	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Net insurance revenue ⁽¹⁾	482,628	200,938	-	683,566
Net investment income	-	-	67,045	67,045
Segment revenue	482,628	200,938	67,045	750,611
Net claims ⁽²⁾	(79,235)	(145,609)	-	(224,844)
Net expenses ⁽³⁾	(324,243)	(17,483)	-	(341,726)
Corporate operating expenses ⁽⁴⁾	-	-	(2,974)	(2,974)
Other finance costs	-	-	(3,270)	(3,270)
Operating earnings before tax	79,150	37,846	60,801	177,797

(1) Net insurance revenue comprises of insurance revenues, net of reinsurance premiums earned, incorporating the adjustments for 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, incorporating the adjustments for 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, incorporating the adjustments for 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, incorporating the adjustments for non-operating items related to other operating expenses.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 19 – Segmented information (Continued)

The reconciliations of the segment revenue and operating earnings before tax to the amounts recognized in the Consolidated Statements of Income are presented below.

For the years ended December 31	2025	2024
Segment revenue	844,768	750,611
Expense from reinsurance contracts ⁽¹⁾	2,335,109	2,431,235
Other income	7,563	7,506
Net insurance revenue from exited lines ⁽²⁾	6,831	8,517
Net insurance revenue from non-recurring items ⁽³⁾	-	(4,996)
	3,194,271	3,192,873
Represented by ⁽⁴⁾ :		
Insurance revenue	3,108,033	3,118,322
Net investment income	78,675	67,045
Other income	7,563	7,506
	3,194,271	3,192,873

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

(2) 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.

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

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

For the years ended December 31	2025	2024
Operating earnings before tax	184,343	177,797
Adjustments:		
Impact of exited lines ⁽¹⁾	(1,256)	(30,577)
Impact of movement in yield curve in net insurance finance income (expenses)	(3,809)	(1,207)
Net gains (losses) ⁽²⁾	16,352	24,699
Other non-operating items ⁽³⁾	(6,368)	(12,222)
Income before income taxes, as reported	189,262	158,490

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

(3) Other non-operating items include miscellaneous expenses that in the view of management are not part of our core insurance operations.

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Notes to the Consolidated Financial Statements

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

Note 20 – Income taxes

	Statements of Financial Position		Statements of Comprehensive Income	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Deferred taxes related to:				
Loss available for carry forward	5,056	2,460	(2,595)	704
Net insurance contract liabilities	11,397	12,190	218	2,919
Deferred expenses for tax purposes	27,710	30,440	1,534	(28,329)
Investments – unrealized gains and losses	(1,894)	4,008	5,823	665
	42,269	49,098	4,980	(24,041)
Less deferred taxes related to:				
Deferred revenues for tax purposes	(4,919)	(5,478)	(311)	(1,102)
Capital, intangible and other assets	37	(273)	(304)	122
	(4,882)	(5,751)	(615)	(980)
Deferred income taxes	37,387	43,347	4,365	(25,021)
Reported in:				
Deferred tax assets	37,473	44,043	-	-
Deferred tax liabilities	(86)	(696)	-	-
Income tax (recovery) expense reported to net income	-	-	1,018	(24,540)
Income tax (recovery) expense reported to OCI	-	-	3,347	(481)

The Company exercises judgment in estimating the provision for income taxes.

A deferred income tax asset is recognized only to the extent that realization of the related income tax benefit through future taxable profits is probable. Management has assessed the recoverability of the deferred income tax asset carrying values based on future years' taxable income projections and believes the carrying values of the deferred income tax assets as at December 31, 2025 and December 31, 2024 are recoverable.

The following shows the major components of income tax expense (benefit) for the years ended December 31, 2025 and 2024:

	2025	2024
Current tax expense (benefit)	45,998	64,115
Deferred tax expense (benefit)	1,018	(24,540)
Income tax expense (benefit)	47,016	39,575
Income taxes recorded in OCI:		
Net changes in unrealized gains (losses) on FVOCI investments	5,780	3,695
Reclassification of net gains (losses) on FVOCI investments	679	2,333
Origination and reversal of temporary differences	519	(481)
Total income tax expense (benefit) recorded in OCI	6,978	5,547

TRISURA GROUP LTD.
Notes to the Consolidated Financial Statements

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Note 20 – 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 Consolidated Statements of Income for the years ended December 31, 2025 and 2024:

	2025	2024
Income before income taxes	189,262	158,490
Statutory income tax rate	26.5%	26.5%
	50,154	42,000
Variations due to:		
Permanent differences	(453)	(758)
International operations subject to different tax rates	(4,808)	(1,891)
Unrecognized tax loss	-	614
True up	2,123	(390)
Income tax expense (benefit)	47,016	39,575

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 December 31, 2025, the Company has unused tax losses of \$19,078 (December 31, 2024 – \$9,284), which will expire in the following years:

	December 31, 2025
2043	6,393
2044	2,356
2045	10,329
	19,078

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.

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

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

Note 21 – Prior year 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 within Trisura Specialty.

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 final.

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.

The assessment of impairment of goodwill requires significant judgement. Goodwill is allocated to cash-generating units (“CGUs”) and tested for impairment annually, or when indicators of impairment exist.

Determining any impairment of goodwill involves assumptions and estimation uncertainty regarding the assessment of impairment indicators including cash flow projections, growth rates, and economic factors.

The annual impairment test for the CGU was performed as at December 31, 2025, which included a qualitative assessment of impairment indicators, and a quantitative test by comparing the carrying amount of this group of assets to their recoverable amount.

No impairment loss on goodwill has been recognized for this CGU for the year ended December 31, 2025.

Note 22 – Additional information on the Consolidated Statements of Cash Flows

The following table shows the changes in working capital for the years ended December 31, 2025 and December 31, 2024:

	2025	2024
Insurance contract liabilities	363,049	775,215
Income taxes	46,121	23,288
Other operating liabilities	5,038	5,063
Leases and accrued liabilities	3,137	50,004
Other operating assets	(2,272)	(17,398)
Reinsurance contract assets	(98,435)	(767,574)
	316,638	68,598

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 23 – Risk management

As a provider of insurance products, effective risk management is critical to the Company's ability to protect the interests of its stakeholders. The most significant risks include those associated with insurance and reinsurance contracts and holding financial instruments. The Company has policies and procedures governing the identification, measurement, monitoring, mitigating and controlling of risks associated with insurance contracts and holding financial instruments. The most significant risk associated with insurance contracts is insurance risk, which includes pricing risk, concentration risk and reserving risk. The significant risks associated with financial instruments are credit risk, liquidity risk and market risk (comprising currency risk, interest rate risk and other price risks such as equity risk). Sensitivity analyses are performed on these significant risks which could impact the Company's results and financial condition. Results of the sensitivity analyses should only be viewed as directional estimates as they can differ materially from actual results.

The following sections describe how the Company manages its insurance risk and risks associated with financial instruments.

23.1 Insurance risk

Insurance risk is the risk that the ultimate cost of claims, as well as acquisition expenses, related to insurance contracts will exceed premiums received in respect of those contracts. This could occur because either the frequency or severity of claims is greater than expected.

The Company's objective for managing insurance risk is to mitigate the risk while continuing to grow and to achieve profitable underwriting results within its identified product lines. Senior management seeks to achieve this objective through effective use of underwriting and pricing policies, procedures and guidelines, which it has developed for pricing and issuing bonds and policies. In addition, careful oversight is applied to the underwriting process to ensure that these policies, procedures and guidelines are followed. Furthermore, the Company regularly reviews its underwriting practices to ensure that they reflect emerging trends in its existing business and in the marketplace. Insurance risk is further mitigated through effective claims and expense management, and through the use of reinsurance.

The insurance risks associated with insurance contracts underwritten by the Company are subject to a number of variables such as estimated loss ratios and estimated claims settlement costs, which are sensitive to various assumptions which can impact the estimation of claims liabilities (see Note 2.2).

There were no significant changes in the Group's objectives, policies and processes for managing risk and the methods used to measure risk compared to the previous period.

Some additional factors that impact insurance risk include pricing risk, reserving risk, and concentration risk, which are described below:

a) Pricing risk

Pricing risk is the risk that an insurance product has been priced using assumptions about claims activity that are different from the actual experience of that product line. The Company mitigates the impact of pricing risk through the use of guidelines, which are designed such that premium rates take into account claims frequency and severity, expense levels, investment returns and profit margins required to support a particular product line. The Company reviews pricing assumptions regularly to ensure that they reflect up-to-date claims experience and expected future changes in that experience, as well as market conditions. The Company further mitigates the impact of pricing risk through the employment of experienced underwriting staff.

b) Reserving risk

Reserving risk is the risk that future claims arising on past exposure periods exceed the liability recorded in respect of Liability for incurred claims. The Company's management of reserving risk is discussed in Note 2.2.

c) Concentration of insurance risk

Concentration risk is the risk that the Company's insurance products are concentrated within a particular geographic area, particular class of business, or a particular insured, thereby increasing the exposure of the Company to a single event or a series of related events. Concentration of risk could arise as a result of accumulations of large numbers of insurance or reinsurance contracts exposed to similar perils, classes of business or geographic areas.

To mitigate the impact of concentration of risk, the Company applies risk management practices, including the use of reinsurance, monitoring and modelling techniques, and regularly reviews its portfolio of insurance risks for concentration and aggregation of risks and makes adjustments as needed in order to ensure exposures are within tolerances. The active management of its reinsurance programs and collateral requirements is also an important element in maintaining net claims exposures and concentration and aggregation risks within the Company's risk tolerance.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 23 – Risk management (Continued)

The following table shows the mix of the Company's insurance policies by product line and geography, which reflects the Company's diversification of insurance risk:

	December 31, 2025		December 31, 2024	
	Canada	US	Canada	US
Surety	135,453	100,751	93,685	83,411
Corporate Insurance	183,892	1,511	175,272	131
Warranty	143,289	-	122,627	-
US Programs and Canadian Fronting	475,438	2,067,699	505,601	2,137,595
Insurance revenue	938,072	2,169,961	897,185	2,221,137

d) Sensitivity to insurance risk

The insurance risks associated with the lines of business underwritten by the Company are sensitive to various assumptions which can impact the estimation of the liability for incurred claims. The relevant risk variables for the Company's estimation of the liability for incurred claims are subject to assumptions that impact the ultimate value of the estimated loss ratio as well as the estimated claims settlement costs. The loss ratio is used to calculate losses of the Company as a percentage of insurance revenue, after taking into account the impact of reinsurance. Below is an analysis showing the impact of a 5% increase in the loss ratio, as a percentage of insurance revenue, before and after taking into account the impact of reinsurance, and a 5% increase in claims settlement costs of claims reserves, based on an increase in the current LIC and AIC balances. Such variances in the estimation were considered reasonably possible during the years ended December 31, 2025 and 2024. The impacts described in the table below are independent of one another. A 5% decrease to the loss ratio and a 5% decrease in claims settlement costs would have the opposite effect on profit before tax and shareholders' equity.

Sensitivity factor	Dec.31, 2025	Dec.31, 2024	Dec.31, 2025	Dec.31, 2024	Dec.31, 2025	Dec.31, 2024	Dec.31, 2025	Dec.31, 2024
	Impact on profit before tax, gross of reinsurance		Impact on profit before tax, net of reinsurance		Impact on shareholders' equity, gross of reinsurance		Impact on shareholders' equity, net of reinsurance	
5% increase to loss ratio	(158,242)	(158,043)	(38,896)	(34,107)	(122,542)	(122,611)	(29,507)	(26,037)
5% increase to claims settlement costs	(233,471)	(207,102)	(32,717)	(27,520)	(182,193)	(162,139)	(25,256)	(21,862)

e) Prior year claims development

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

In setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The following table presents the net cumulative claim payments to date and estimate of net undiscounted liabilities for incurred claims, including effect of the risk adjustment for non-financial risk, at the end of the year:

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Notes to the Consolidated Financial Statements

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Note 23 – Risk management (Continued)

Net claims loss development

Accident year	All prior years	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimate of net ultimate claims		28,378	21,741	23,179	36,109	54,972	94,940	162,281	225,246	246,253	262,493	
One year later		26,772	19,059	20,095	33,009	55,612	89,333	173,094	218,579	230,979		
Two years later		26,380	17,409	19,890	31,031	58,307	105,292	195,608	222,249			
Three years later		25,826	16,467	19,468	30,101	60,914	117,307	198,505				
Four years later		26,739	15,222	19,248	31,311	66,582	117,146					
Five years later		26,198	14,698	18,125	32,287	64,937						
Six years later		25,867	14,323	18,555	31,963							
Seven years later		25,980	14,191	18,333								
Eight years later		25,758	14,412									
Nine years later		25,293										
Current estimate		25,293	14,412	18,333	31,963	64,937	117,146	198,505	222,249	230,979	262,493	
Cumulative claim paid to date		(24,504)	(13,524)	(17,454)	(29,314)	(58,001)	(88,317)	(161,700)	(164,705)	(129,985)	(66,607)	
Net undiscounted LIC	4,873	789	888	879	2,649	6,936	28,829	36,805	57,544	100,994	195,886	437,072
Effect of discounting	(89)	(34)	(44)	(113)	(409)	(1,053)	(2,391)	(3,703)	(6,099)	(9,117)	(15,998)	(39,050)
Effect of risk adjustment	511	79	89	138	441	1,305	2,889	4,038	7,418	9,903	17,802	44,613
Total net LIC	5,295	834	933	904	2,681	7,188	29,327	37,140	58,863	101,780	197,690	442,635

Reconciliation to Note 7.1 Roll-forward of net ICL showing LIC and Note 7.2 Roll-forward of net RCA showing AIC

As at December 31, 2025	Note	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities - LIC	7.1	2,859,989	375,702	3,235,691
Reinsurance contract assets - AIC	7.2	(2,461,927)	(331,129)	(2,793,056)
Total net LIC		398,062	44,573	442,635

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 23 – Risk management (Continued)

23.2 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. Credit risk arises mainly from investments in bonds and short-term securities, and balances receivable from insurance brokers and reinsurers.

For fixed income securities, the Company manages its credit risk by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty or based on the collateral supporting the counterparty risk. Management also limits its aggregate fixed income securities credit risk by placing limits on aggregate values of securities at different credit rating levels. Management monitors credit quality of its fixed income securities on an on-going basis through its reviews of the investment portfolio.

For Premiums receivable, which form a component of the LRC, the Company uses insurance brokers, managing general agents, and program administrators as intermediaries for the distribution of its product offerings and is therefore subject to the risk that these intermediaries fail to remit the premiums they have collected on its behalf. The Company primarily deals with intermediaries with which it has entered into a contract that details, among other things, the intermediary's responsibilities and payment obligations. These intermediaries are typically regulated and licensed by insurance regulators. Further, the Company monitors receivables and follows up on all past due amounts to ensure satisfactory collection arrangements are in place.

For balances receivable from reinsurers, which form a component of the Reinsurance Contract Assets, the Company applies its reinsurance risk management policy to manage the associated credit risk. The Company is ultimately at risk on the limits of coverage provided under its product offerings, regardless of whether it has ceded a portion of this exposure to reinsurers. If a reinsurer is unwilling or unable to satisfy its obligations, the Company does not have the right to correspondingly reduce its claims payment obligations. The Company's reinsurance is well-diversified and controls are in place to manage exposure to reinsurance counterparties.

The Company uses both licensed and unlicensed reinsurers. When using licensed reinsurers, the Company generally uses those with an A.M. Best credit rating of A-, and management monitors these ratings on a regular basis. If the reinsurer has an A.M. Best rating of below A- an agreed upon level of collateral is provided. Furthermore, the Company's reinsurance risk management policy places limits on the participation of individual reinsurers in the Company's reinsurance arrangements. These participations and limits are reviewed regularly.

When the Company uses an unlicensed or unrated reinsurer an agreed upon level of collateral is required, generally in the form of a custodial account secured under a reinsurance security agreement, a letter of credit or other forms of security acceptable to the Company.

Derivative assets and other assets are monitored with reference to the credit quality of the counterparty, and an impairment allowance is made if deemed appropriate.

The nature of the Company's exposure to credit risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 23 – Risk management (Continued)

a) *Maximum exposure to credit risk of the Company*

The following table sets out the Company's maximum exposure to credit risk related to financial instruments. The maximum credit exposure is the carrying value of the asset net of any allowances for losses.

As at	December 31, 2025	December 31, 2024
Cash and cash equivalents, and short-term securities	303,057	284,717
Fixed income	1,497,553	1,174,849
Accrued investment income	18,880	14,000
Reinsurance contract assets - AIC	2,793,056	2,577,471
Derivative assets	13,654	12,530
Other assets	1,193	9,033
	4,627,393	4,072,600

b) *Concentration of credit risk of the Company*

Concentrations of credit risk can arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar risk characteristics, for example they may operate in the same or similar industries. The following table provides details of the carrying value of fixed income securities by industry sector:

As at	December 31, 2025	December 31, 2024
Financial	540,291	384,804
Real Estate	229,183	137,150
Consumer Discretionary	181,253	160,011
Government	70,027	87,866
Industrial	69,619	73,393
Energy	63,334	83,604
Utility	56,133	46,827
Power & Pipelines	54,557	42,997
Consumer Staples	46,895	54,497
Telecom Services	38,780	48,969
Other	147,481	54,731
Total credit risk exposure	1,497,553	1,174,849

TRISURA GROUP LTD.
Notes to the Consolidated Financial Statements

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

Note 23 – Risk management (Continued)

c) Asset quality on financial assets

The following table summarizes the credit ratings for fixed income securities, cash equivalents and short-term securities:

As at	December 31, 2025	December 31, 2024
Fixed income securities – underlying items		
AAA	29,653	28,754
AA	135,360	124,139
A	691,893	503,068
BBB	585,447	466,799
Below BBB	55,200	52,089
Total	1,497,553	1,174,849
Cash equivalents and short-term securities		
R-1 (high)	31,635	29,995
R-1 (medium)	-	4,339
Total	31,635	34,334
	1,529,188	1,209,183

d) Recoverable from reinsurers

The following table shows a breakdown of the reinsurance contract assets (which includes reinsurance payable), and corresponding collateral held, by A.M. Best rating of the reinsurers:

As at A.M. Best rating	December 31, 2025		December 31, 2024	
	Reinsurance contract assets	Collateral held ⁽¹⁾	Reinsurance contract assets	Collateral held ⁽¹⁾
A++	217,091	-	211,039	-
A+	936,923	78,952	1,074,359	90,118
A	354,698	175,480	250,879	134,430
A-	298,723	113,022	387,514	76,319
B++ and below ⁽²⁾	947,321	1,174,356	847,372	999,490
	2,754,756	1,541,810	2,771,163	1,300,357

(1) Collateral held excludes certain forms of collateral for a total of \$14,192 received after December 31, 2025 (December 31, 2024 - \$56,847).

(2) Includes reinsurance contract assets and collateral related to unrated reinsurers.

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 23 – Risk management (Continued)

23.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may arise from a number of potential areas including, for example, duration mismatch between assets and liabilities.

Generally, the Company's financial liabilities are settled by delivering cash and it is able to rely on the cash flow generated from its operations to satisfy its liquidity requirements, which are primarily operating expenses and claim payments.

By their nature, the timing and quantum of claims payments are subject to significant uncertainty and are estimated actuarially as set out in Note 2.2. Although the Company has reinsurance treaties in place under which a portion of the claims payments may be recovered, including by way of set off against premiums payable to the reinsurers, such recoveries usually follow the making of payments and often delays of a number of months can occur. This timing difference between gross cash outflows and expected reinsurance recoveries gives rise to liquidity risk. Hence the Company must have access to sufficient liquid resources to fund gross amounts payable when required.

To manage its liquidity requirements, the Company maintains a minimum balance of cash and cash equivalents, and short-term securities and a highly rated, highly liquid investment portfolio. The Company's investment policy sets out credit quality criteria and has limits on single issuer exposures. In addition, the investment policy stipulates average duration targets.

The following tables set out the Company's financial assets and liabilities by contractual maturity, and summarize the maturity profile of groups of insurance contracts issued that are liabilities and reinsurance contracts that are assets of the Company.

As at December 31, 2025	Up to 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
Cash and cash equivalents, short-term securities	23,261	-	-	264,491	287,752
Investments	78,054	667,539	681,504	406,446	1,833,543
Other financial assets	46,345	-	-	-	46,345
Reinsurance contract assets - AIC	1,143,509	1,410,812	238,735	-	2,793,056
Financial and insurance assets	1,291,169	2,078,351	920,239	670,937	4,960,696

As at December 31, 2024	Up to 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
Cash and cash equivalents, short-term securities	24,292	-	-	246,086	270,378
Investments	146,814	479,140	587,354	221,226	1,434,534
Other financial assets	39,681	-	-	-	39,681
Reinsurance contract assets - AIC	1,081,147	1,266,512	229,812	-	2,577,471
Financial and insurance assets	1,291,934	1,745,652	817,166	467,312	4,322,064

TRISURA GROUP LTD.

Notes to the Consolidated Financial Statements

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

Note 23 – Risk management (Continued)

As at December 31, 2025	Up to 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
Financial liabilities	86,550	7,337	9,576	67,119	170,582
Debt outstanding	134,772	-	-	-	134,772
Insurance contract liabilities - LIC	1,330,292	1,629,116	276,283	-	3,235,691
Financial and insurance liabilities	1,551,614	1,636,453	285,859	67,119	3,541,045

As at December 31, 2024	Up to 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
Financial liabilities	102,411	-	-	59,891	162,302
Debt outstanding	23,272	75,000	-	-	98,272
Insurance contract liabilities - LIC	1,241,821	1,469,288	267,572	-	2,978,681
Financial and insurance liabilities	1,367,504	1,544,288	267,572	59,891	3,239,255

23.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes currency risk, interest rate risk and other price risks such as equity price risk.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company faces currency risk as a result of having operations primarily in the United States and Canada and therefore has exposure to currency risk arising from fluctuations in exchange rates of the Canadian dollar against the United States dollar. The Company also has currency risk as a result of having investments in the Company's Canadian operations denominated in foreign currencies. The foreign currency positions of the Company are monitored regularly and the Company uses derivatives throughout the year to manage foreign exchange risks where appropriate.

i) Exposure to currency risk

The Company manages its currency risk through its investment policy which considers duration of investments held as well as asset liability matching.

The following table summarizes the net currency exposure of Canadian domiciled entities categorized by major currency. The balances in the table below are presented in the foreign currency indicated:

As at December 31,	USD		BRL	
	2025	2024	2025	2024
Total net exposure	17,040	10,964	4,484	3,971

The following table summarizes the carrying value of net assets of US domiciled entities in their functional currency of USD.

As at December 31,	USD	
	2025	2024
Total net exposure	378,778	273,568

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Note 23 – Risk management (Continued)

ii) Sensitivity to currency risk

As at December 31,	Impact on comprehensive income and shareholders' equity			
	2025	2024	2025	2024
Sensitivity factor	10% increase in CAD versus USD		10% decrease in CAD versus USD	
USD investments supporting Canadian domiciled entities	(1,561)	(1,053)	1,717	1,159
Consolidated net assets of subsidiaries	(37,319)	(28,122)	41,061	30,939

b) Interest rate risk

Interest rate risk is the potential for financial loss resulting from changes in interest rates. Fixed income investments, and preferred shares are subject to interest rate risk although, in the case of fixed income investments, to the extent they are held to maturity, the risk is limited to the reinvestment yield being different from the original yield to maturity. The fair value of bonds changes inversely with changes in market rates of interest, with greater impact to bonds with longer durations. The Company's discounted Insurance contract liabilities - LIC and Reinsurance contract assets - AIC are also subject to interest rate risk.

In respect of insurance or reinsurance contract assets or liabilities for remaining coverage, the Company expects that the time between providing each part of the coverage and the related premium due date is no more than a year apart, and so the time value of money is not required to be taken into account. In respect of insurance contract assets or liabilities for incurred claims, if cash flows are expected to be paid or received more than one year from the date the claims are incurred, then the insurance or reinsurance contract liability or asset would be adjusted using a discount rate updated at end of each reporting period, resulting in the balance being sensitive to interest rate movements.

The Company manages its interest rate risk through its investment policy which considers duration of investments held as well as asset liability matching.

The below sensitivity analysis was prepared under the assumptions that shifts in yield curve are parallel and all other variables remain constant.

As at December 31,	2025		2024	
	100 basis point increase	100 basis point decrease	100 basis point increase	100 basis point decrease
Fixed Income	(64,958)	67,733	(51,359)	51,384
Reinsurance contract assets	(60,107)	63,564	(55,918)	59,037
Insurance contract liabilities	69,104	(73,051)	64,617	(68,055)
Impact on profit before tax	(55,961)	58,246	(42,660)	42,366
Impact on equity	(42,624)	44,366	(32,108)	31,899

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Note 23 – Risk management (Continued)

c) *Equity price risk*

Equity price risk is the uncertainty associated with the valuation of financial assets arising from changes in equity markets.

The Company's exposure to equity price risk is managed and mitigated through its investment policy which sets out maximum exposures to equities at aggregate and per issuer levels as well as requiring diversification across different industry sectors.

As at December 31,	2025	2024
Sensitivity factor	Impact on net income ⁽¹⁾	
10% increase in equity prices ⁽¹⁾	8,355	6,828
10% decrease in equity prices ⁽¹⁾	(8,355)	(6,828)

(1) The methodology used to calculate the change is based on 10% of the fair value of the equities (excluding preferred shares and any funds which hold predominantly fixed income securities), net of tax, at the Statement of Financial Position dates.

Note 24 – Benefits

The Company has established and contributes to a number of group retirement savings plan arrangements under which the Company makes contributions. Contributions are charged to other operating expenses and are recognized as incurred.

Note 25 – Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any executive officers or directors of the Company.

The following transactions were carried out with key management personnel:

For the years ended,	2025	2024
Salaries and other employee benefits	4,717	4,244
Share based payments	4,079	3,957

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

Note 26 – Share based compensation

26.1 Equity-settled stock options

Under the stock option plan, the exercise price of each stock option will be established at the time that the option is granted. It is expected that the vesting period will normally be 20% per year over five years and the expiry date of stock options granted will not exceed ten years, however in some instances the vesting period may differ.

The following is a continuity schedule of stock options outstanding as at December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
	Number of options	Weighted average exercise price (in dollars)	Number of options	Weighted average exercise price (in dollars)
Outstanding, beginning of year	1,556,645	19.56	1,598,078	16.62
Exercised during the year	(30,000)	21.99	(199,986)	12.15
Granted during the year	419,957	35.07	158,553	39.78
Outstanding, end of year	1,946,602	22.87	1,556,645	19.56

As at December 31, 2025, the outstanding stock options consist of the following:

Exercise price range per share (in dollars)	Number of options outstanding	Range for average remaining contractual life (in years)	Number of options exercisable
31 to 45	919,617	5.46 to 9.16	212,331
16 to 30	192,135	5.01 to 5.14	134,980
0 to 15	834,850	1.64 to 4.15	834,850

As at December 31, 2024, the outstanding vested stock options consist of the following:

Exercise price range per share (in dollars)	Number of options outstanding	Range for average remaining contractual life (in years)	Number of options exercisable
31 to 45	449,660	7.19 to 9.91	110,798
16 to 30	222,135	6.01 to 6.14	107,820
0 to 15	834,850	2.64 to 5.15	761,694

As at December 31, 2025, 1,182,161 (December 31, 2024 – 980,312) equity-based stock options were vested. As at December 31, 2025, the Company had recorded \$7,942 (December 31, 2024 – \$5,683) in share reserve related to the options in the contributed surplus balance of the Consolidated Statements of Financial Position. For the year ended December 31, 2025, the Company recorded \$2,412 (December 31, 2024 – \$1,518) of expense related to the options, in other operating expenses. The fair value of the options issued were determined using the Black-Scholes option pricing model. Inputs to the model include expected volatility, option life and risk free rate. The volatility estimate was based on the historical volatility of the Company's stock price. The weighted average fair value of stock options issued in 2025 at the measurement date was \$7.76 (in dollars) (December 31, 2024 – \$13.00).

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Notes to the Consolidated Financial Statements

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Note 26 – Share based compensation (Continued)

26.2 Cash-settled stock options

As at December 31, 2025, 157,480 options were outstanding (December 31, 2024 –187,480) which had been issued to officers of the Company by the board of directors as part of a cash-settled share based payment plan, with a vesting period of 20% per year over five years, and an expiration date of ten years. As at December 31, 2025, 157,480 options were vested (December 31, 2024 – 183,956). As at December 31, 2025, the Company had recorded \$5,676 (December 31, 2024 – \$6,113) in liabilities related to the options in the Consolidated Statements of Financial Position. For the year ended December 31, 2025, the Company recorded \$326 of expense (December 31, 2024 – \$915 of expense) related to the options, in other operating expenses. As at December 31, 2025, the weighted average fair value of share options issued was \$36.04 (in dollars) (December 31, 2024 – \$32.62).

26.3 Cash-settled DSUs

DSUs are awarded to certain directors of the Company at the market value of the Company's common shares at the grant date. These DSUs are awarded in lieu of directors fees at the option of the Directors. As at December 31, 2025, 148,262 (December 31, 2024 – 133,096) DSUs were awarded to directors who are not employees of the Company or one of its affiliates.

The following table shows the movement in the number of DSUs issued during the year:

For the years ended December 31,	2025 (in units)	2024 (in units)
Opening balance	133,096	133,665
Granted during the year	15,166	12,822
Exercised during the year	-	(13,391)
Ending balance	148,262	133,096

For the year ended December 31, 2025, no units had been exercised (December 31, 2024 – 13,391) and \$6,334 (December 31, 2024 – \$5,188) had been recorded as liabilities. The liability was measured based on the fair value of the common shares of the Company at December 31, 2025. For the year ended December 31, 2025, the Company recorded \$1,126 of expense (December 31, 2024 – \$1,216 of expense) related to the DSUs in other operating expenses.

26.4 Equity-settled RSUs

The following table shows the RSUs issued and outstanding as at December 31, 2025 and 2024:

As at	December 31, 2025 (in units)	December 31, 2024 (in units)
Outstanding, beginning of year	191,749	172,225
Vested during the year	(75,878)	(95,525)
Cancelled during the year	(5,115)	(4,330)
Granted during the year	158,979	119,379
Outstanding, end of year	269,735	191,749

During the year ended December 31, 2025, compensation expense of \$4,997 (December 31, 2024 – \$4,493) related to the RSUs was recorded in other operating expenses.

Note 27 – Commitments

The Company has entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the private equity investments and subject to the terms and conditions of each limited partnership agreement.

As at December 31, 2025, the unfunded commitments for the Company are \$13,282 (December 31, 2024 – \$18,724).