PRESS RELEASE

CANOPIUS ACHIEVES RECORD 2023 RESULT

LONDON – March 12, 2024 – Canopius Group, a leading global specialty and P&C (re)insurer, today announced its financial results for the year ended December 31, 2023.

Highlights include:

- Insurance Contract Written Premium increased 22% to $2.80bn (2022: $2.29bn)
- Profit after tax of $363m (2022: $129m)
- Tangible Net Asset Value (TNAV) increased to $1.45 bn (2022: $1.13bn)
- Net insurance revenue increased 10% to $1.77bn (2022: $1.61bn)
- Group net combined ratio of 88.7% (undiscounted) and 83.9% (discounted)
- Total investment return of 5.6%, amounting to $173m (2022: -$80m).
- Return on Opening Tangible Equity (ROTE) of 32%

Neil Robertson, Group Chief Executive Officer, said: "I am delighted with our 2023 results, achieving the strongest underwriting result in our history. Canopius has been able to deliver attractive underwriting profitability and business growth while undertaking major initiatives including adding substantial capabilities to our business.

"We have a clear vision against which we are executing our strategy – to deliver attractive and sustainable returns as a leading, dynamic international specialty and P&C (re)insurer, growing in areas where we have distinction or competitive advantage. I am pleased to report another year of strong delivery against this vision, and we are now establishing a track record of meeting our underwriting goals, quarter-on-quarter."

Improved regional profitability after successful transformation
In 2023, Canopius Group was able to demonstrate growth and profitability across all three business regions of the UK, U.S. & Bermuda and APAC.

Robertson said: "Our 2023 results are a testament to the transformative work the business has undergone over the last two years. Our business leaders have been empowered, our operating models and systems enhanced and the accountability and transparency within our organisation has moved forward at pace.

"We have positioned the business to benefit from the broader industry tailwinds and in 2023 we continued to evolve our business, we materially strengthened our operational capabilities, our underwriting performance, and our structural growth prospects."

Demonstrating strong fundamentals
In 2023, the absence of large catastrophe claims was a clear positive, but nevertheless Canopius saw a significant number of smaller catastrophe events from severe convective storms, wildfires, floods, and earthquakes.

Satisfactory attritional losses, including positive current and prior year developments, meant that overall, Canopius recorded a very strong underwriting result. This, combined with strong investment returns from our high-quality investment portfolio and a favourable tax item, allowed the Group to deliver a record Return on Opening Tangible Equity.

Canopius' financial fundamentals are compelling, with both profitable growth and balance sheet strength including limited legacy reserves following a Loss Portfolio Transfer at the end of 2021. Canopius' reserving position is prudent, and its robust capital surplus offers resilience as well as strategic optionality.

These factors, together with strong profitability were recently acknowledged by AM Best. The ratings agency upgraded Canopius' previous negative outlook to a "stable" outlook, with an A- (excellent) rating maintained. This was a positive development that highlights the strategic and financial progress Canopius has made in recent years.

Focusing on continued success in 2024
Robertson said this year has started well for the Canopius Group, with attractive premium development, positive rate, and a satisfactory reinsurance renewal. He noted that while 2023's result was very pleasing, Canopius' journey continues: "We recognise that for us to continue to deliver value to customers and shareholders we must strive for ever greater excellence and consistency," he said.

The broader rating environment remains dynamic and is being driven by several factors. This includes the sizeable shifts in reinsurance rate, capacity, terms and conditions, the ongoing inflationary impacts in claims and movements in interest yields".

Robertson said: "Decisive actions have been taken to accelerate delivery in the last few years and execution against our plans remains of utmost focus. Combined with a still positive overall rating environment, we look forward with confidence to navigating what 2024 brings and further developing our value proposition to drive consistent performance and build on our success and momentum achieved in 2023."

– Ends –

Note: *Unless otherwise stated, all figures are on IFRS 17 basis.*

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About Canopius

Canopius is an international specialty and P&C (re)insurer. Canopius underwrites insurance products on several platforms to offer a wide range of specialty solutions. Our offices are located in Australia, Bermuda, Singapore, the UK and the US. We underwrite through Lloyd's Syndicate 4444 (managed by Canopius Managing Agents Limited), a US surplus lines insurer, Canopius US Insurance, Inc and Canopius Reinsurance Ltd, a Bermuda based Class 4 Reinsurer. By working together across regions, we create global insurance solutions in more than 130 countries.

For more information, visit www.canopius.com or linkedin.com/canopius

Group 2023 Financial Results commentary

Summarised consolidated profit and loss account		
$'m	**2023**	**2022**
Insurance contract written premium	2,795.5	2,291.4
Insurance revenue	**2,491.0**	**2,198.3**
Insurance service expenses	(1,756.6)	(1,801.7)
Insurance service result before reinsurance	**734.4**	**396.7**
Allocation of reinsurance premium	(717.0)	(585.9)
Amounts recoverable from reinsurers	267.5	347.7
Net expense from reinsurance contracts held	**(449.5)**	**(238.2)**
Insurance service result	**284.9**	**158.5**
Investment income	173.1	(79.6)
Net insurance finance income/(expense)	(87.0)	118.4
Fees, comissions and other operating income	15.5	10.8
Finance costs	(10.4)	(11.9)
Other operating and administrative expenses	(43.6)	(33.0)
Foreign exchange gains/(losses)	(3.6)	(0.3)
Profit before tax	**328.9**	**162.9**
Taxation	34.4	(34.2)
Profit after tax	**363.4**	**128.7**
Loss ratio	41.1%	47.6%
Expense ratio	13.5%	13.6%
Combined ratio	**83.9%**	**90.2%**
Combined ratio (before discounting)	**88.7%**	**91.2%**

Insurance Contract Written Premium (ICWP)

In 2023, ICWP grew by 22% to $2.8bn, underpinned by strong contributions across all our geographic segments, which all delivered double-digit growth. We have been helped by positive rate (+9%), but we have also seen substantial organic growth.

Insurance contact written premium			
$'m	**2023**	**2022**	**% chg**
United Kingdom	2,010	1,693	19%
USA	513	423	21%
APAC	295	219	35%
Eliminations	(22)	(43)	
Total	**2,796**	**2,291**	**22%**

In the UK, we saw the benefits of re-setting our UK underwriting model. Rate increases across much of the portfolio have been a helpful tailwind, and we saw significant organic growth coming through in Property Direct & Facultative (D&F) and Reinsurance, where rates were the strongest. We benefitted from the addition of a new team in Medical Malpractice, and continued growth in areas of competitive advantage including Cyber, A&H and Excess

Casualty. We are not afraid to pull back if rates are less attractive and FinPro in particular was a line that saw less favourable market conditions and lower premium.

In the USA and Bermuda, growth was fuelled largely by strong Property D&F growth, reflecting both strong demand and a firm rate environment. We also continued to manage growth in our Cyber book, despite some sizeable challenges in a highly dynamic market, and we also grew Canopius Re in both specialty and marine classes. Like others, we saw continued challenges in our Management and Professional lines book driven by rate below our expectation, smaller average deal size and a continued slower M&A/IPO environment.

Our well-established Lloyd's business in APAC grew strongly once again, attributable to a broad number of lines of business. Specifically, Australian Accident & Health saw significant improvement off the back of increased travel volumes during 2023, and we benefitted from the first year of production from a newly acquired team of treaty underwriters in Australia, as well as favourable market conditions in Singapore on the reinsurance portfolio.

Net insurance revenue

Net insurance revenue amounted to $1,774m compared to prior year of $1,612m, 10% higher year on year. However, as net insurance revenue closely represents net earned premium, the stronger pick up in insurance contract written premium came in the second half of the year, meaning not all the growth has been earned in 2023.

Insurance service expenses

Insurance service expenses of $1,757m capture claims incurred (net of discounting on current year claims), movements on claims incurred in prior periods, acquisition costs and underwriting expenses incurred in the period. This compares to a prior year amount of $1,802m.

Much of the improvement on our overall insurance service expenses can be explained by the lower level of large catastrophe activity in the year, particularly in the UK and APAC regions, with the overall catastrophe loss ratio burden (including Ukraine) burden falling from 11.1% to 4.6% in 2023. However, as noted above, the year hasn't been without challenges and the level of 'small' catastrophes has exceeded both our expectation and the prior year.

Our attritional loss ratio reduced to 43.1% against 45.0% in the prior year. This was driven by strong underlying performance in the UK region and continued good performance in the USA and Bermuda.

Our expense ratio in 2023 was 13.5% compared to 13.6% in the prior year. Actual expense levels were well controlled in the year, though there was some adverse impact due to the dollar weakening slightly as much of our expense base is in UK Sterling.

Underwriting combined ratios				
2023	**Group**	**UK**	**US & Bermuda**	**APAC**
Combined ratio (discounted)	83.9%	85.4%	83.7%	81.1%
Combined ratio (before discounting)	88.7%	87.7%	91.0%	85.6%
2022	**Group**	**UK**	**US & Bermuda**	**APAC**
Combined ratio (discounted)	90.2%	93.5%	82.9%	83.7%
Combined ratio (before discounting)	91.2%	95.0%	83.6%	85.9%

Overall, we recorded a combined ratio before discounting of 88.7% (2022: 91.2%) and a combined ratio after discounting of 83.9% (2022: 90.2%).

Investment return

Total investment return amounted to $173m, or 5.6%, compared to a negative return of $80m, or (2.7)% in 2022.

Investment yields over 2023 were higher than the prior year and we generated $117m of regular investment income, amounting to an income yield of 3.8% in total. Income generated rose every quarter during the year.

As expected, the total return benefited from the unwind of mark-to-market losses incurred in the prior year as fixed-income securities move closer to maturity. We also benefited from positive fair value gains in the latter part of 2023 as better inflation news led to a reduction in yields from their peak and narrowing credit spreads.

Insurance finance income/expense (IFIE)

The net IFIE of $(87)m compares to the $118m positive in 2022. For 2023, the net IFIE comprises ($73m) from the unwind of discounting (2022: $(23)m) and $(14)m resulting from changes in discount rates (2022: $141m).

Whilst base rates continued to rise during the first half of 2023, they did so much less rapidly than in 2022 and with inflation appearing to have peaked, yield curves began to reduce towards the end of the year. This saw the small boost to investment return late in the year, as noted above, with a negative movement through net IFIE.

Other operating and administrative expenses

Other operating and administrative expenses increased from $33m in 2022 to $44m as a result of increased spend on strategic initiatives at the Group level and were also impacted by a strengthening of Sterling compared to the prior year.

Taxation

The tax credit of $34m reported in 2023 compares to a tax charge of $34m in 2022. The 2023 credit is largely due to the recognition of an additional $40m deferred tax asset on prior period losses in the balance sheet.

Balance sheet

As a result of the Group's performance during the year our balance sheet is in a very strong position. Shareholders' equity has increased by 25% from $1,293m to $1,618m and Tangible Net Asset Value (TNAV) has increased by 28% from $1,134m to $1,448m.

Summarised consolidated balance sheet		
$'m	**2023**	**2022**
Intangible assets	193.4	183.7
Reinsurance contract assets	1,079.7	1,163.0
Financial investments	3,161.7	2,705.3
Trade and other receiables	108.3	122.9
Cash and cash equivalents	120.0	123.6
Other assets	246.4	234.4
Total assets	**4,909.5**	**4,532.9**
Insurance contract liabilities	3,074.1	3,070.5
Trade and other payables	169.2	113.2
Other liabilities	47.6	55.3
Total liabilities	**3,290.9**	**3,239.0**
Share capital	341.9	341.9
Share premium	345.3	345.3
Other reserves	705.3	701.1
Retained earnings	225.4	(95.0)
Equity attributable to shareholders	**1,617.9**	**1,293.3**
Non-controlling interest	0.7	0.6
Total equity	**1,618.6**	**1,293.9**
Total liabilities and equity	**4,909.5**	**4,532.9**

The Board manages the Group's capitalisation to ensure that it is appropriate for all the regulatory and rating requirements associated with its medium-term management plan, including maintaining an appropriate amount of surplus for material adverse events and new business opportunities. The Group's surplus capital is frequently monitored by the Board and currently maintained at a level which exceeds our internal risk appetite, which is set in excess of its current regulatory and rating requirements.

$'m	2023	2022
Shareholders' equity	**1,617.9**	**1,293.3**
Less: intangible assets	(193.4)	(183.7)
Add: deferred tax on intangible assetts	23.8	24.3
Tangible net asset value	**1,448.3**	**1,133.9**
Utilised Letter of Credit facilitities	270.5	420.3
Total available capital	**1,718.8**	**1,554.2**
Regulatory capital requirements	1,223.2	1,135.3
Surplus capital	**495.6**	**418.9**
Solvency ratio	**141%**	**137%**

The Group defines its available capital as the consolidated tangible net asset value of the Group and the utilised portion of its letter of credit facility. This means that our surplus over regulatory requirements was $496m (2022: $419m), equivalent to a solvency ratio of 141% (2022: 137%). This substantial surplus is considerably more than rating agency capitalisation demands at our rating level, providing both resilience and strategic optionality.

There continues to be challenges both at Canopius and within the market more generally in quantifying proof points for inflationary impact emerging against expectation. We continue to hold a modest and prudent reserve for inflation which has not changed during the year. Elsewhere, both our reserves against the Russia/Ukraine war and against business interruption claims from the pandemic are essentially unchanged in the year.

On the asset side of the balance sheet, the group remained defensively positioned with 92% of invested assets comprising cash, money market funds and core fixed income securities of extremely high quality (three quarters of our debt and fixed income securities is rated at AAA or AA). We again experienced no credit defaults in our core fixed income portfolio. All the core assets are investment grade, while the total portfolio duration is now 1.1 years (2022: 1.3 years) to broadly match the sensitivity of assets and liabilities to future interest rate movements.