

This news release for Sagikor Financial Company Ltd. (“Sagikor” or the “Company”) should be read in conjunction with the Company’s Management’s Discussion & Analysis (“MD&A”) and the Consolidated Financial Statements for the period ended September 30, 2023. These documents are available on Sagikor’s website, at www.sagikor.com, under the heading “Financials and Filings”, and under Sagikor’s profile at www.sedarplus.ca. This news release presents non-IFRS measures used by Sagikor in evaluating its results and measuring its performance. These non-IFRS measures are not standardized financial measures, are not included in the Consolidated Financial Statements, and may not be comparable to similar financial measures used by other companies. They include book value per share, shareholders’ equity and net CSM to shareholders per share, CSM, debt to capital ratio, return on equity, core earnings to shareholders, and total capital. See the “Non-IFRS Measures” section in this document for relevant information about such measures.

Sagikor Financial Company Ltd. Announces

Filing of ivari Business Acquisition Report and Comments on Financial Impact

Toronto and Barbados (December 14, 2023) – Sagikor Financial Company Ltd. (“Sagikor” or the “Company”) (TSX: SFC) today announced the filing of its Business Acquisition Report (“BAR”) for its acquisition of ivari which closed on October 3, 2023 (the “Acquisition”) which is available on SEDAR+ and on the Company’s website.

In connection with the filing of the BAR, Sagikor is updating its previous guidance on the pro forma⁽¹⁾ impact of the ivari acquisition on key measures as denoted in the table below.

Q3 2023 (US\$ millions unless otherwise noted)	Sagikor Standalone (Reported)	Previous Guidance (Pro Forma) ⁽¹⁾	Updated Impact (Pro Forma) ⁽¹⁾
Shareholders' Equity	\$443	At or Above \$650 to \$725	\$857
Net CSM to Shareholders ⁽²⁾	\$559	Approximately \$1,100 to \$1,300	\$1,126
Shareholders' Equity and Net CSM to Shareholders ⁽²⁾	\$1,001	At or Above \$1,800 to \$2,000	\$1,983
Debt to Capital Ratio ⁽²⁾	31.0%	Neutral or Better	28.2%

The figures in the table above indicate a pro forma⁽¹⁾ book value per share⁽²⁾ of US\$6.04 or C\$8.16 per share, and pro forma⁽¹⁾ shareholders’ equity and net CSM to shareholders per share⁽²⁾, a measure of risk-bearing capital, of US\$13.97 or C\$18.88 per share as at Q3 2023.

Core earnings to shareholders⁽²⁾ for 2024 is expected to be \$90 million to \$110 million, consistent with previous guidance. Given the higher than previously guided bargain purchase gain⁽¹⁾ on the ivari acquisition, and the resulting increase in our shareholders’ equity, our previous 2024 pro forma⁽¹⁾ guidance of the low range of 14% to 16% return on shareholders’ equity⁽²⁾ will be reduced accordingly to reflect that increase.

For additional details regarding the transaction, please refer to the news releases dated November 13, 2023, October 3, 2023, and August 25, 2022, along with related materials available on SEDAR+ and on the Company’s website.

¹Pro forma values are preliminary estimates subject to change and are detailed in the BAR. Balance sheet impacts assume acquisition was completed on September 30, 2023.

²Represents a non-IFRS measure. See the Non-IFRS Measures section in this document and in our MD&A for relevant information about such measures.

Note: Figures translated at USD/CAD exchange rate of 1.3520 as at September 30, 2023.

About Sagicor Financial Company Ltd.

Sagicor Financial Company Ltd. (TSX: SFC) is a leading financial services provider with over 180 years of history in the Caribbean, over 90 years of history in Canada, and a growing presence in the United States. Sagicor offers a wide range of products and services, including life, health, and general insurance, banking, pensions, annuities, and real estate. Sagicor's registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda, with its principal office located at Cecil F De Caires Building, Wildey, St. Michael, Barbados. Additional information about Sagicor can be obtained by visiting www.sagicor.com.

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Cautionary Statements

Certain information contained in this news release may be forward-looking statements within the meaning of Canadian securities laws. Forward-looking statements are often, but not always identified by the use of words such as "expect", "anticipate", "target", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "will", "may", "would" and "should" and similar expressions or words suggesting future outcomes. This news release includes forward-looking information and statements pertaining to the achievement of the anticipated benefits of the transaction and the impact of the acquisition on Sagicor's business. These forward-looking statements reflect material factors and expectations and assumptions of Sagicor. Sagicor's estimates, beliefs, assumptions and expectations contained herein are inherently subject to uncertainties and contingencies regarding future events and as such, are subject to change. Risks and uncertainties not presently known to Sagicor or that it presently believes are not material could cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional information on these and other factors that could affect events and results are included in other documents and reports that will be filed by Sagicor with applicable securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca). Readers are cautioned not to place undue reliance on these forward-looking statements contained herein, which reflect Sagicor's estimates, beliefs, assumptions and expectations only as of the date of this press release. Sagicor disclaims any obligation to update or revise any forward-looking statements contained herein, whether as a result of new information, new assumptions, future events or otherwise, except as expressly required by law.

The unaudited pro forma condensed consolidated financial statements are prepared based on assumptions and adjustments that are described in the accompanying notes in the BAR. The unaudited pro forma condensed consolidated financial statements do not give effect to the potential impact of current financial conditions, operating efficiencies or other savings or expenses that may be associated with the integration of the Acquisition. The unaudited pro forma condensed consolidated financial statements have been prepared for illustrative purposes only and are not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized if Proj Fox Acquisition Inc. ("Proj Fox") (Proj Fox is the parent company of ivari) had been a subsidiary of Sagicor during the specified periods. Additionally, the application of the acquisition method of accounting depends on certain studies that have yet to be completed.

The Acquisition is considered to be an acquisition under IFRS 3 Business Combinations (“IFRS 3”) with Sagicor as the acquirer and Proj Fox as the acquired entity. The unaudited pro forma condensed consolidated financial statements have been prepared using the acquisition method of accounting in accordance with IFRS 3. Sagicor has not yet completed the final analysis of the fair market value of Proj Fox’s assets acquired and liabilities assumed and has estimated preliminary allocations to such assets and liabilities. This preliminary purchase price allocation has been used to prepare pro forma adjustments in the unaudited pro forma condensed consolidated financial statements. The final purchase price allocation will be determined following the completion of the detailed studies, and necessary calculations. The final purchase price allocation could differ materially from the preliminary purchase price allocation used to prepare the pro forma adjustments. The final purchase price allocation may include changes in intangible assets, insurance contract liabilities, reinsurance contract assets, and bargain purchase gain based on the results of certain studies that have yet to be completed. Therefore, the figures in the table above should be considered preliminary and subject to change.

Accordingly, the pro forma adjustments are preliminary, subject to further revisions as additional information becomes available and additional analyses are performed and have been made solely for the purposes of providing unaudited pro forma condensed consolidated financial statements. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed consolidated financial statements and on Sagicor’s future earnings and financial position.

Non-IFRS Measures

The Company reports certain non-IFRS measures and insurance industry metrics that are used to evaluate its performance. As non-IFRS measures generally do not have a standardized meaning, they may not be comparable to similar measures presented by other companies. Securities regulators require such measures to be clearly defined and reconciled with their most comparable IFRS measures. These measures are provided as additional information to complement IFRS measures by providing further understanding of the results of the operations of the Company from management’s perspective. Accordingly, these measures should not be considered in isolation, nor as a substitute for analysis of the Company’s financial information reported under IFRS. Non-IFRS measures used to analyze the performance of the Company’s businesses include but are not limited to book value per share, shareholders’ equity and net CSM to shareholders per share, CSM, debt to capital ratio, return on equity, core earnings to shareholders, and total capital. Below is an explanation of the composition or reconciliation of these non-IFRS measures.

Book value per share (“BVPS”): To determine the book value per share, shareholders' equity is divided by the number of shares outstanding at the period end, net of any treasury shares. All components of this measure are IFRS measures.

Shareholders’ equity and net CSM to shareholders: This measure is the sum of total shareholders’ equity and net CSM to shareholders. It is an important measure for monitoring growth and measuring insurance businesses’ value.

Shareholders’ equity and net CSM to shareholders per share: To determine the shareholders’ equity and net CSM to shareholders per share, shareholders' equity plus net CSM to shareholders is divided by the number of shares outstanding at the period end, net of any treasury shares. Net CSM to shareholders is a non-IFRS measure.

Contractual service margin (“CSM”): The CSM represents an estimate of unearned future profits. This is a new component of insurance contract liabilities under IFRS 17, which was not required under IFRS 4. For new business issued under IFRS 4, the estimated profit or loss over the term of the contract is recognized in income at the date of issue. Expected future profits on new business under IFRS 17 are deferred and recorded in the CSM and amortized into income as insurance services are provided over the term of the contract. Under IFRS 17, expected losses on new business are recognized at the date of issue. Net CSM is direct CSM net of reinsurance CSM.

Total net CSM: This measure is the balance of the direct CSM net of reinsurance CSM.

Net CSM to shareholders: This measure is the amount of the total net CSM attributable to shareholders.

Debt to capital ratio: The debt to capital ratio is the ratio of notes and loans payable (refer to note 11 of the Company’s unaudited consolidated financial statements) to total capital (excluding participating accounts), where capital is defined as the sum of notes and loans payable and total equity including total net CSM and excluding participating accounts. This ratio measures the proportion of debt a company uses to finance its operations as compared with its capital.

Total capital: This measure provides an indicator for evaluating the Company’s performance. Total capital (\$2.1 billion as at Q3 2023) is the sum of shareholders’ equity (\$443 million), notes and loans payable (\$657 million), non-controlling interest (\$320 million) and total net CSM (\$699 million). This measure is the sum of several IFRS measures. Pro forma the ivari acquisition, total capital (\$3.4 billion as at Q3 2023) is the sum of shareholders’ equity (\$857 million, which is Sagicor’s Q3 2023 reported shareholders’ equity of \$443 million, plus the bargain purchase gain arising from the Acquisition of \$435 million, minus transaction costs directly attributable to the Acquisition and are factually supportable but not yet expensed or accrued of \$20 million), notes and loans payable (\$957 million, which is Sagicor’s Q3 2023 reported notes and loans payable of \$657 million, plus the net senior secured term loan facility amount of \$300 million after financing fees), non-controlling interest (\$320 million, which is Sagicor’s Q3 2023 reported non-controlling interest) and total net CSM (\$1,266 million, which is Sagicor’s Q3 2023 reported total net CSM of \$699 million, plus the preliminary estimated fair value of Proj Fox total net CSM of \$567 million). Pro forma values are preliminary estimates subject to change and are detailed in the BAR.

Core earnings to shareholders: Core earnings is intended to remove from reported earnings or loss the impacts of the following items that create volatility in Sagicor’s results under IFRS, or that are not representative of its underlying operating performance, including, among others, unexpected market-related impacts, changes in assumptions, management actions, certain acquisition or disposition related amounts and others such as one-time costs, amortization of intangibles, and tax effects of the aforementioned items. Core earnings is classified as a supplementary financial measure and has no directly comparable IFRS financial measure disclosed in Sagicor’s financial statements to which the measure relates, nor are reconciliations available.

Return on equity (“ROE”): IFRS does not prescribe the calculation of return on shareholders’ equity and therefore a comparable measure under IFRS is not available. To determine this measure, reported net income/(loss) attributable to shareholders is divided by the total weighted average shareholders’ equity for the period. The quarterly return on shareholders’ equity is annualized. The ROE provides an indication of overall profitability of the Company.