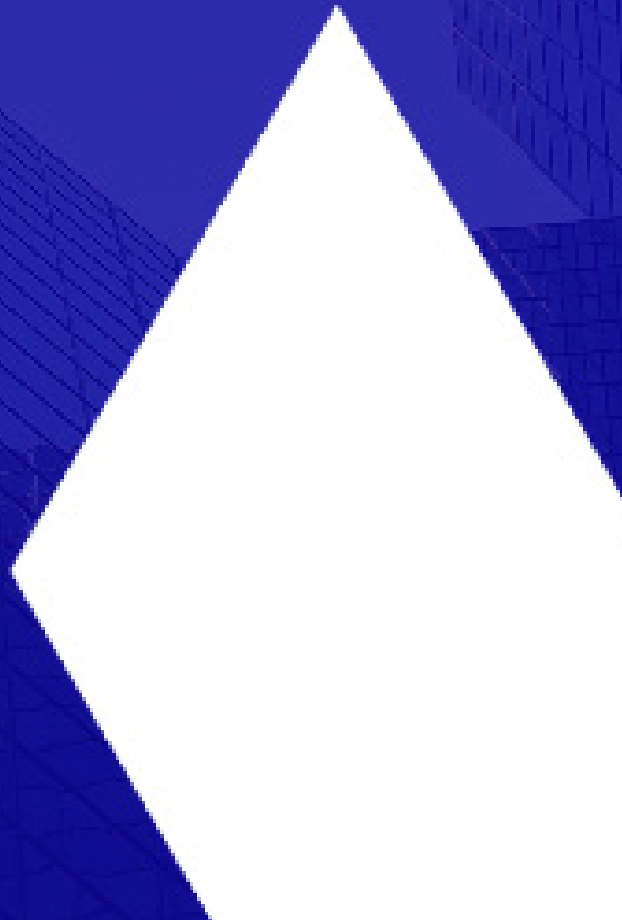


SKYWARD
SPECIALTY INSURANCE

Annual Report



LETTER FROM THE CEO

Dear Shareholders,

This letter, our first as a public Company, follows an extraordinary year for Skyward Specialty. The accomplishments we have realized are not only financial, but wide-reaching and strategic, touching nearly every part of our business.

At the core of our success are the more than 450 talented professionals who drive the winning and compassionate culture that underpins our business performance, engagement with our distribution partners and customers, and the contributions we make in the communities where we work and live. Our 2022 results and subsequent IPO, which I discuss below, are the direct result of the hard effort, commitment, creativity and incomparable drive to make a difference that all our Skyward Specialty colleagues exhibit each and every day.

Our Story

When I joined in May 2020, we embarked on a journey with the aim to fulfill two purposes. The first was to create a top quartile specialty property and casualty company that achieves its fullest potential, with businesses that have defensible and durable market positions, and that our distribution partners and customers genuinely value. The second was to build the company where the best talent comes to thrive with a culture that empowers its employees to excel and achieve success beyond what they thought possible.

Out of the gate, we exited businesses we felt did not have a clear line of sight to top-quartile underwriting performance. We then focused on developing an enviable portfolio of underwriting divisions, each with a strong growth and profitability profile.

In the nearly three years since, the Company has faced many unique challenges, but no matter the obstacle, we have remained agile and steadfastly focused on our strategy to lead in the select markets in which we choose to do business. We call this our “Rule Our Niche” strategy and it is quite simple in its construct. We expressly target underserved, dislocated, or disrupted segments in markets where standard line solutions are insufficient; we deliver superior, tailored products and services that address the risk transfer and risk management needs our clients seek. Then, we combine top underwriting and claims talent with the use of advanced analytics



Andrew Rubinetti
Chief Executive Officer

and technology to enhance our team's fidelity to select and price risk and achieve optimal claims outcomes. Importantly, we are gross line underwriters, and with excellent execution, our strategy allows us to create a competitive moat with the aim to deliver top quartile underwriting profitability at all points in the market cycle.

Our People

Our strategy is working, and as a result we have become a magnet for the industry's top talent. We know the backbone of our success is the talent we have working hard for our clients and partners every day, which is why we are committed to hiring the best and creating an environment that fosters high-level performance.

In 2022, we hired 123 new employees - more than 50% of which were employee referrals. As an employer of choice, we are creating a workplace where leaders can grow and build a career beyond the expected. In our annual engagement survey, 95% of our colleagues agree/strongly agree with the statement, "I am proud to work for Skyward Specialty."

Our employees understand and demonstrate deep commitment to our strategy. In fact, we intentionally align the organization through yearly Objectives and Key Results (OKRs), which once confirmed at the corporate level are cascaded to every employee - a practice that is rather unique in the industry. In the same engagement survey, 96% of our colleagues agree/strongly agree with the statement "I understand how my specific job responsibilities contribute to the success of Skyward Specialty." Additionally, as part of our 2023 annual OKRs, every employee has an individual professional development plan - another differentiator that reinforces our learning culture.



Women leaders at the Company's first in-person Senior Leadership Team meeting

Our Technology

Technology is a critical component to our "Rule Our Niche" strategy and undoubtedly part of our competitive advantage. Our use of advanced technology and data analytics enables superior risk selection and claims management - augmenting the depth of experience of our "A-plus talent." The significant assets we've built provide our underwriting and claims teams with comprehensive data analytics to give them more precise insights and the ability to respond to market shifts. Examples include:

- Our business intelligence platform, **SkyBI™** allows every employee to evaluate performance in all parts of our business so we can sense and respond to changes and market trends faster and with greater precision than our competition.
- Our integration of artificial intelligence and advanced analytics capabilities through systems such as **SkyDrive™**, our specialty transportation analytics platform, and **SkyVantage™**, our predictive analytics process used in our A&H underwriting division - both of which are examples of market leading capabilities that widen our underwriters' aperture to select and price risk.
- Our latest innovation, **SkyVue™**, a customized underwriting workstation for each underwriting unit, enabling underwriters across our Company to have an integrated view of any risk with all the relevant information brought together in a highly visual presentation.

These are but a handful of the technologies that form a unique and powerful part of the capabilities that drive our strategy forward.

Our Culture

I opened this letter by characterizing our culture as "winning and compassionate," which I firmly believe best describes us. From the beginning, we set out to "build a company we always wanted to work for," so our teams can thrive. Our employees are the



Members of our Scottsdale, AZ team in front of a sign in the office lobby commissioned by the local employees

heartbeat of our Company and it is their compassion and dedication that has created an inclusive, diverse environment that attracts talent.

Examples include the SAID (Skyward Awareness Inclusivity and Diversity) team of nearly 30 who work closely with the Skyward Foundation to drive philanthropic and community engagement efforts, or the self-forming employee resource groups that provide forums to bring together our colleagues who share similar interest, and the “we not me” and collaborative ethos that is evident throughout. We have a hugely engaged and committed team of colleagues that is genuinely our difference maker.

Our 2022 Performance

2022 proved to be an important step forward in our performance as a Company. Strategically, we broadened our business portfolio, including establishing new group captive solutions for the construction and automotive industries, launching an occupational accident underwriting unit, setting up a new surety unit to handle smaller transactional bonds, putting in place new technology partnerships in A&H and surety, and broadening our product portfolio in nearly every underwriting division.

These are just some of the year’s achievements that don’t include the biggest Company milestone to date: the launch of our Initial Public Offering (IPO).

Our Initial Public Offering

In January 2023 we launched our IPO of 8,952,383 shares, the first in the U.S. for 2023. Despite an uncertain market backdrop and no recent precedent for our IPO, the offer proved to be very successful. Shares were priced at \$15 and closed on the first day of trading at \$19.10.

The difficult capital markets backdrop during 2022 provided us an opportunity to directly engage with new and existing shareholders through a series of “testing the waters” meetings. These interactions proved invaluable and shaped our thinking and the actions that followed. Additionally, we had a unique platform to tell the story of our journey and build support among investors who share our vision and are excited to support the direction we are taking. We are deeply thankful to our investors for their support of the business we are building.



Ringing the Opening Bell at the NASDAQ in New York City (photo courtesy of NASDAQ, Inc.)

Going Skyward

Following the achievement of this important milestone, our entire team is clear as to what is next. As we look forward to this year and beyond, we remain steadfast in the execution of our “Rule Our Niche” strategy. Every underwriting division and unit is actively building the defensible positions I described above and driving towards top quartile performance. More broadly, we continue to invest in our talent and technology in support of our strategy. We will also continue to selectively enter new markets as evidenced by our announcements this year to launch our Global Agriculture and Inland Marine underwriting units.

I know I speak for all my colleagues in our commitment and responsibility to drive straight through our goals and to continue to rise to the challenges we face, turn those challenges into opportunity and achieve our highest potential.

It is no doubt an exciting time at Skyward Specialty, and we continue our effort and dedication to build a great Company with a compassionate and winning culture.

We are most definitely going skyward.

Kind Regards,

Andrew Robinson
Chief Executive Officer

MISSION, VISION & VALUES

MISSION

To spark potential by smartly shifting risk to a safer place.

VISION

To be the specialty insurance company where great people want to work, the best partners and customers bring their business and top-tier performance ensues

VALUES

Grow personally and professionally

We are committed to bettering ourselves and each other, and we have fun doing it.

Rise above the usual

We go farther to gain the insight it takes to find better answers and create the right solutions.

Engage in inclusion

We avidly seek a rich diversity of thought, backgrounds and perspectives.

Act in good faith

We are transparent, honest and accountable to ourselves and each other, no matter what.

Transcend the self

We are high-achieving individuals who are humble enough to know that teamwork takes us even higher.

CLIMB HIGHER

Skyward Specialty is a rapidly growing and innovative specialty insurance company, delivering commercial P&C products and solutions on a non-admitted and admitted basis. The Company operates through eight underwriting divisions – **Accident & Health, Captives, Global Property, Industry Solutions, Professional Lines, Programs, Surety and Transactional E&S.**

Skyward Specialty's subsidiary insurance companies consist of Houston Specialty Insurance Company, Imperium Insurance Company, Great Midwest Insurance Company, and Oklahoma Specialty Insurance Company. These insurance companies are rated A- (Excellent) by A.M. Best Company.

EXECUTIVE LEADERSHIP & BOARD MEMBERS



ANDREW ROBINSON
Chief Executive Officer



DAN BODNAR
*Chief Information
& Technology Officer*



JOHN BURKHART
President, Specialty Lines



SEAN DUFFY
*Executive VP,
Chief Claims Officer*



MARK HAUSHILL
Chief Financial Officer



KIRBY HILL
*President, Industry Solutions,
Captives & Programs*



SANDIP KAPADIA
*Executive VP, Chief Actuary
& Analytics Officer*



LESLIE SHAUNTY
General Counsel



TOM SCHMITT
Chief People Officer



CAM MACDONALD

Chairman of the Board
CEO, The Westaim Corporation

ANDREW ROBINSON

Chief Executive Officer
CEO, Skyward Specialty

ROBERT CREAGER

Board Member
Assurance Partner (retired), PricewaterhouseCoopers, LLC

MARCIA DALL

Board Member
Executive VP & CFO, Churchill Downs, Inc.

JIM HAYS

Board Member
Founder & CEO, Hays Companies

ROB KITTEL

Board Member
Chief Operating Officer, The Westaim Corporation

KATE TERRY

Board Member
Co-founder & Chief Operating Officer, Surround Group Inc.

2022 AT A GLANCE

Our 2022 results and subsequent IPO provide a strong demonstration of our strategy in action.

KEY FINANCIALS

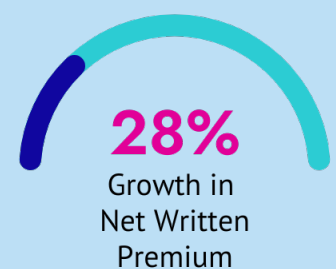
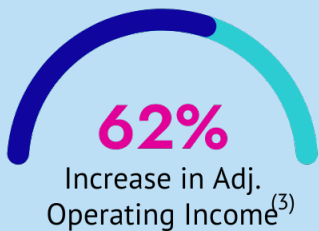
\$1,139M Gross Written Premiums compared to \$868M in 2021⁽¹⁾

Combined Ratio of 94%; Adjusted Combined Ratio of 92.6% improved by 2% over 2021⁽³⁾

Strong Balance Sheet with invested assets and cash of \$1,172M⁽²⁾

Net income of \$39.4M; Adjusted Operating Income of \$58.6M, an increase of \$22.5 over 2021⁽³⁾

Return on Equity of 9.3%; Adjusted Return on Equity of 13.8% improved by 5% over 2021⁽³⁾











⁽¹⁾Financial data for continuing business for the twelve months ended December 31, 2022

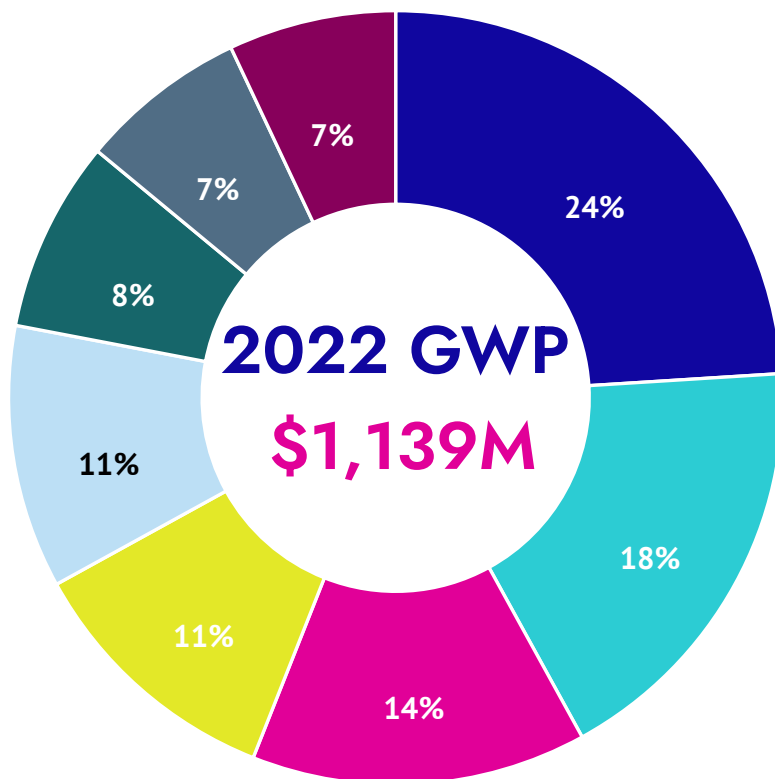
⁽²⁾invested assets and cash excludes restricted cash

⁽³⁾Indicates non-GAAP financial measure; see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of non-GAAP Financial Measures" included in this Annual Report for a reconciliation of the non-GAAP financial measures to their most directly comparable financial measures prepared in accordance with GAAP.

OUR EIGHT UNDERWRITING DIVISIONS

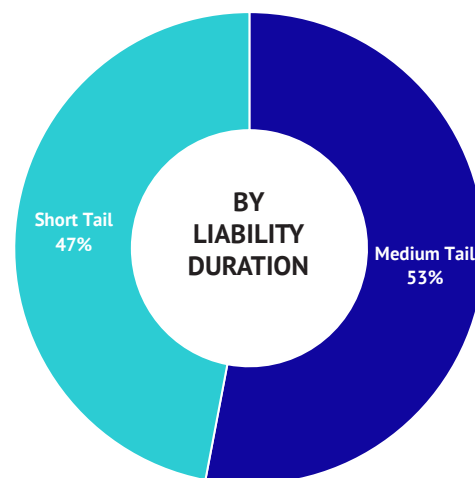
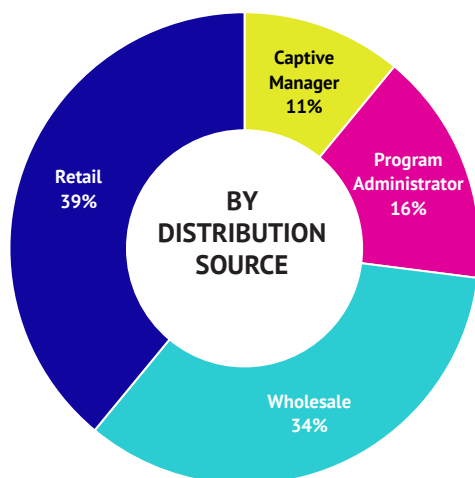
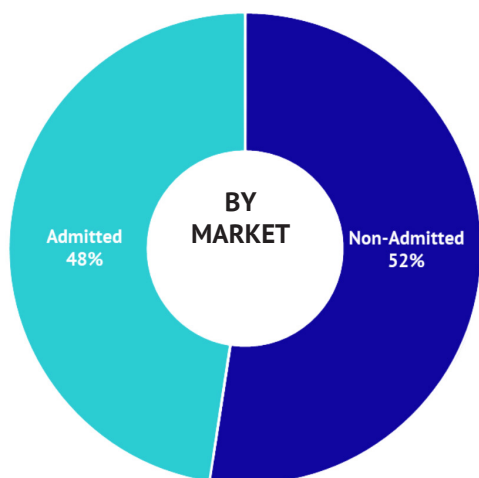
We operate through eight underwriting divisions, each of which achieved double-digit growth in 2022, providing a strong launch point for continued growth and margin expansion in 2023.

	INDUSTRY SOLUTIONS	\$268M
	GLOBAL PROPERTY	\$205M
	PROGRAMS	\$164M
	ACCIDENT & HEALTH	\$131M
	CAPTIVES	\$124M
	PROFESSIONAL LINES	\$93M
	SURETY	\$79M
	TRANSACTIONAL E&S	\$75M



DIVERSIFIED BUSINESS MIX

We maintain a highly-diversified portfolio that enables us to deliver more predictable underwriting results and respond quickly to changes in market conditions.



Note: Financial data for continuing business for the twelve months ended December 31, 2022

2022

CHARITABLE GIVING

Giving back to the communities where we live and work is a commitment all our employees share. Through employee giving and the Skyward Foundation we collectively donated more than \$172,000 benefiting four core outreach areas.

EMPLOYEE IMPACT SNAPSHOT

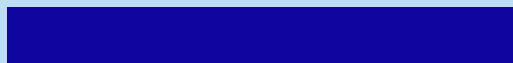
9X EMPLOYEE
DONATIONS
INCREASED

\$385 AVERAGE
EMPLOYEE
DONATION

\$56,345 TOTAL
EMPLOYEE
GIVING

GIVING OUTREACH FOCUS

HEALTH & HUMAN SERVICES



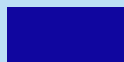
\$139,451

VETERANS & CIVIC SERVICES



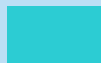
\$21,455

FOOD INSECURITY



\$6,770

ENVIRONMENT



\$5,000

VOLUNTEERS IN ACTION



Houston volunteers cleaning up a local bayou at Trash Bash 2022



Professional Lines team build bikes for the YMCA



Summer Interns kick-off volunteer event at the Houston Food Bank

WE'RE GOING SKYWARD

“
It is no doubt an exciting time at Skyward Specialty, and we continue our effort and dedication to build a great Company with a compassionate and winning culture. We are most definitely going skyward.

-- Andrew Robinson
Chief Executive Officer

Contacts

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MEDIA RELATIONS

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SKYWARD

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