LANCASHIRE HOLDINGS LIMITED

RECORD HALF-YEAR PERFORMANCE WITH EXCELLENT PROFIT GROWTH OF 26% TO $200 MILLION

8 August 2024
Hamilton, Bermuda

Lancashire Holdings Limited ("Lancashire" or "the Group") today announces its results for the six months ended 30 June 2024.

Highlights:

- Profit after tax of $200.8 million resulting in a change in DBVS of 14.0%.
- Gross premiums written increased 8.3% year-on-year to $1,282.2 million. Insurance revenue increased 18.5% year-on-year to $854.1 million.
- Insurance service result of $222.8 million, discounted combined ratio of 73.0%, undiscounted combined ratio of 82.2%.
- Total investment return of 2.3%, including unrealised gains and losses.
- Interim dividend of 7.5 cents per common share.

For the six months ended	30 June 2024 $m	30 June 2023 $m
Highlights		
Gross premiums written[1]	1,282.2	1,184.0
Insurance revenue	854.1	720.9
Insurance service result	222.8	188.8
Net investment return	75.2	63.2
Profit after tax	200.8	159.2
Financial ratios		
Net insurance ratio[1]	65.2%	62.8%
Combined ratio (discounted)[1]	73.0%	71.4%
Combined ratio (undiscounted)[1]	82.2%	79.2%
Total investment return[1]	2.3%	2.2%
Per Share data		
Diluted book value per share[1]	$6.35	$6.05
Change in diluted book value per share[1]	14.0%	12.2%
Dividends per common share paid in the financial year to date[2]	$0.65	$0.10
Diluted earnings per share	$0.82	$0.66

1. Please refer to the end of this release for details of how these Alternative Performance Measures (APMs) are calculated.
2. Includes special dividend of 50 cents per share paid in April 2024 in respect of the year ended 31 December 2023 financial results.

Alex Maloney, Group Chief Executive Officer, commented:
"Lancashire has delivered its best ever half-year performance in the first six months of 2024.

This outstanding result demonstrates the continued success of our long-term strategy to manage the market cycle and further strengthen our business through diversification.

We have continued to take advantage of favourable market conditions while holding true to our principles of disciplined underwriting and optimised capital allocation.

For the first six months of the year, we continued to grow ahead of rate with gross premiums written increasing 8.3% year-on-year and insurance revenue increasing 18.5% to $854.1 million. We have also reported a combined ratio of 73.0% or 82.2% on an undiscounted basis.

We have continued to see rates remain positive across our product suite with a Group RPI for the period of 102%. Our strategic focus has always been to adapt to the market cycle and grow the business when the environment is right, while actively managing our capital to support those underwriting opportunities. This includes our new U.S. operation, which has made a fantastic start with an extremely strong team across our underwriting and support functions.

The loss environment in the first half of 2024 was relatively active for the industry with significant insured market events including the MV Dali Baltimore bridge collision disaster. None of these events were individually material for the Group and we delivered a strong underwriting performance.

Our results have also been supported by our growing investment portfolio, which is now approaching $3 billion in size. We have continued to benefit from the higher yield environment with positive net returns of 2.3% or $75.2 million.

With our strong balance sheet and capital base, we remain in excellent health going into the second half of the year.

Based on our strong performance in the first six months of the year, we are well on track to deliver on our full year guidance for an average loss year undiscounted combined ratio in the mid-80% range, and an RoE, as measured by change in diluted book value per share, of around 20%.

In March, we announced a change to our regular final and interim dividend policy to increase returns to our shareholders. For the first half of 2024, the Board has declared an ordinary interim dividend of 7.5 cents per common share consistent with this policy.

Across Lancashire we have committed people who are the foundation of our strong, positive culture and commercial success. We place value on maintaining our distinct ways of working and collaborative approach, which make us an extremely attractive employer that is able to recruit and retain the very best talent in the sector. We also continue to support the important work of the Lancashire Foundation and, due to the strong operational performance of the Group in 2023, the Board has approved the maximum level of funding to aid its charitable work this year.

As we head into the remainder of 2024, building on this record half-year performance, we look with confidence to 2025 and beyond. I would like to thank everyone at Lancashire for their hard work, and our clients, brokers and shareholders for their support.”

Underwriting results

For the six months ended	30 June 2024			30 June 2023		
	Reinsurance $m	Insurance $m	Total $m	Reinsurance $m	Insurance $m	Total $m
Gross premium written	734.6	547.6	1,282.2	658.0	526.0	1,184.0
RPI	101%	103%	102%	123%	111%	117%
Insurance revenue	407.6	446.5	854.1	336.6	384.3	720.9
Insurance service expenses	(182.3)	(289.9)	(472.2)	(88.1)	(200.4)	(288.5)
Insurance service result before reinsurance contracts held	**225.3**	**156.6**	**381.9**	**248.5**	**183.9**	**432.4**
Allocation of reinsurance premium	(82.3)	(131.4)	(213.7)	(89.3)	(123.4)	(212.7)
Amounts recoverable from reinsurers	9.0	45.6	54.6	(66.0)	35.1	(30.9)
Net expense from reinsurance contracts held	**(73.3)**	**(85.8)**	**(159.1)**	**(155.3)**	**(88.3)**	**(243.6)**
Insurance service result	**152.0**	**70.8**	**222.8**	**93.2**	**95.6**	**188.8**
Net insurance ratio	**53.3%**	**77.5%**	**65.2%**	**62.3%**	**63.4%**	**62.8%**

Gross premiums written

Gross premiums written increased by $98.2 million, or 8.3% during the first six months of 2024 compared to the equivalent period in 2023. Excluding the impact of reinstatement premiums and multi-year contracts, underlying growth in gross premiums written was 9.8%. The Group's two principal segments, and the key market factors impacting them, are discussed below.

Reinsurance segment

Gross premiums written for the first six months of 2024 increased by $76.6 million, or 11.6% when compared to the same period in 2023. The property reinsurance and specialty reinsurance lines were the significant drivers of growth.

Insurance segment

Gross premiums written for the first six months of the year increased by $21.6 million, or 4.1% when compared to the same period in 2023. This increase was primarily driven by new business within the property segment, including business written through both our Lancashire U.S. and Lancashire Australia distribution channels, as well as the continued build-out of the property construction class. These increases were partly offset by the timing of multi-year renewals in the political risk and marine classes.

Insurance revenue

Insurance revenue increased by $133.2 million, or 18.5% for the first six months of 2024 compared to the same period in 2023. Growth was more substantial for insurance revenue than gross premiums written as we continue to benefit from earnings coming through from prior underwriting years. Gross premiums earned, which is a major driver of insurance revenue, as a percentage of gross premiums written was 76.9% for the first six months of 2024 compared to 69.8% in the first six months of 2023.

Allocation of reinsurance premiums

Allocation of reinsurance premiums increased by $1.0 million, or 0.5% during the first six months of 2024 compared to same period in 2023. The allocation of reinsurance premiums as a percentage of insurance revenue for the Group was 25.0%, down from 29.5% in the prior period, reflecting more efficient reinsurance purchasing and increased risk retention in the strong market environment.

Net claims

During the first six months of 2024, the Group experienced net losses (undiscounted, including reinstatement premiums) from large loss events totalling $45.5 million. None of these events were individually material for the Group, with the MV Dali Baltimore bridge collision loss being the most significant.

In comparison, during the first six months of 2023, the Group experienced net losses (undiscounted, including reinstatement premiums) from catastrophe and large loss events totalling $49.5 million. None of these loss events were individually material for the Group.

Favourable prior accident year loss development, including reinstatement premiums and expense provisions, was $52.0 million during the first six months of 2024. This was primarily due to better attritional loss experience than expected in the 2023 accident year, along with catastrophe event reserve releases, most notably on the 2021 accident year. In comparison, favourable development of $72.1 million for the equivalent period in 2023 was driven by loss reserve releases on the 2022 and 2021 accident years.

The first six months of 2024 and 2023 also both benefited from the release of expense provisions and net reductions in reinstatement premiums. This reduction was more pronounced in the prior period.

Net discounting benefit

The table below shows the total net impact of discounting in respect of both insurance contracts issued, and reinsurance contracts held, by financial statement line item.

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Insurance contracts issued $m	Reinsurance contracts held $m	Total $m	Insurance contracts issued $m	Reinsurance contracts held $m	Total $m
Initial discount included in insurance service result	**73.6**	**(14.6)**	**59.0**	**46.5**	**(7.1)**	**39.4**
Unwind of discount	(47.1)	13.7	(33.4)	(40.1)	14.3	(25.8)
Impact of change in assumptions	18.8	(4.4)	14.4	2.4	(0.2)	2.2
Finance (expense) income	**(28.3)**	**9.3**	**(19.0)**	**(37.7)**	**14.1**	**(23.6)**
Total net discounting income (expense)	**45.3**	**(5.3)**	**40.0**	**8.8**	**7.0**	**15.8**

The total impact of discounting for the first six months of 2024 was a net benefit of $40.0 million, compared to a net benefit of $15.8 million in 2023. The higher initial discount in the first six months of 2024 compared to the same period in 2023 is due to the growing insurance portfolio increasing the quantum of initial loss reserves being established within a higher discount rate environment. This higher discount rate environment also results in an increasing net expense through the unwind of discount relative to the prior year. Interest rates have generally increased since 31 December 2023 generating a positive impact from the change in assumptions. In the prior period, the impact of the change in yield curve assumptions was relatively minor given a more stable discount rate environment.

Investments

For the six months ended	30 June 2024 $m	30 June 2023 $m
Total net investment return	75.2	63.2

The total investment return, including realised and unrealised gains and losses, was 2.3% for the first six months of 2024. The positive returns were driven by investment income as our portfolio continues to benefit from higher yields on a growing portfolio. Treasury yields rose throughout the first and second quarter of 2024, with most of the increase in yields occurring during the first quarter. This resulted in higher returns in the second quarter, with coupon income helping to mitigate the increase in treasury yields and slight spread widening. In addition to the higher investment income, the private investment funds and remaining hedge fund had strong returns throughout the six months.

The Group's investment portfolio, including unrealised gains and losses, returned 2.2% for the first six months of 2023. The majority of the gains were generated in the first quarter as treasury rates declined. In the second quarter, investment income mitigated negative returns from the upward shift in the yield curve. All asset classes performed positively, with most of the returns in the second quarter driven by the alternative assets.

The managed portfolio was invested as follows:

As at	30 June 2024 $m	31 December 2023 $m
Fixed maturity securities	2,415.7	2,280.1
Managed cash and cash equivalents	310.8	263.8
Private investment funds	201.7	165.6
Hedge funds	10.7	9.9
Other investments	—	(0.1)
Total	**2,938.9**	**2,719.3**

Key investment portfolio statistics for our fixed maturity securities and managed cash and cash equivalents were:

As at	30 June 2024	31 December 2023
Duration	1.9 years	1.6 years
Credit quality	AA-	AA-
Book yield	4.7%	4.0%
Market yield	5.6%	5.3%

Other operating expenses

For the six months ended	30 June 2024 $m	30 June 2023 $m
Operating expenses - fixed	89.3	68.6
Operating expenses - variable	12.3	14.5
Total operating expenses	**101.6**	**83.1**
Directly attributable expenses allocated to insurance service expenses	(51.8)	(39.3)
Other operating expenses	**49.8**	**43.8**

The most significant driver of the increase in operating expenses for the first six months of 2024, compared to the equivalent period in 2023, was an increase in fixed costs of $20.7 million. This increase is primarily in relation to employment related expenses given the recent growth in headcount for the Group. The strengthening U.S. dollar exchange rate against GBP sterling also contributed to an increase in operating expenses.

For the first six months of 2024, $51.8 million of operating expenses were considered directly attributable to the fulfillment of insurance contracts issued, and have therefore been re-allocated to insurance service expenses and form part of the insurance service result. This compares to $39.3 million for the equivalent six month period in 2023, and is reflective of the increase within the Group's overall expense base as discussed above.

Capital

As at 30 June 2024, total capital available to Lancashire was approximately $2.0 billion, comprising shareholders' equity of $1.6 billion and $0.4 billion of long-term debt. Tangible capital was approximately $1.8 billion. Leverage was 22.2% on total capital and 24.5% on tangible capital. Total capital and total tangible capital as at 31 December 2023 were $2.0 billion and $1.8 billion respectively.

Dividends

On 7 August 2024, Lancashire's Board of Directors declared an interim dividend of $0.075 (approximately £0.06) per common share, which will result in an aggregate payment of approximately $18 million. The dividend will be paid in Pounds Sterling on 13 September 2024 (the "Dividend

Payment Date") to shareholders of record on 16 August 2024 (the "Record Date") using the £ / $ spot market exchange rate at 12 noon London time on the Record Date.

Financial Information

The Unaudited Condensed Interim Consolidated Financial Statements for the six months ended 30 June 2024 are published on Lancashire's website at www.lancashiregroup.com.

Analyst and Investor Earnings Conference Call

There will be an analyst and investor conference call on the results at 1pm UK time / 9am Bermuda time / 8am EDT on Thursday 8 August 2024. The conference call will be hosted by Lancashire management.

Participant Registration and Access Information:

Audio conference call access:

https://emportal.ink/3xuGeqi

Please register at this link to obtain your personal audio conference pin and call details.

Webcast access:

https://onlinexperiences.com/Launch/QReg/ShowUUID=D955D147-C5EE45A9-9CAB-B3A4352B1089

Please use this link to register and access the call via webcast.

A webcast replay facility will be available for 12 months and accessible at:
https://www.lancashiregroup.com/en/investors/results-reports-and-presentations.html

For further information, please contact:

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About Lancashire

Lancashire, through its operating subsidiaries, is a provider of global specialty insurance and reinsurance products. The Group companies carry the following ratings:

	Financial Strength Rating[1]	Financial Strength Outlook[1]	Long Term Issuer Rating[2]
A.M. Best	A (Excellent)	Stable	bbb+
S&P Global Ratings	A-	Positive	BBB
Moody's	A3	Stable	Baa2

1. Financial Strength Rating and Financial Strength Outlook apply to Lancashire Insurance Company Limited and Lancashire Insurance Company (UK) Limited.
2. Long Term Issuer Rating applies to Lancashire Holdings Limited.

Lancashire Syndicates Limited benefits from Lloyd's ratings: A.M. Best: A (Excellent); S&P Global Ratings: AA- (Very Strong); and Fitch: AA- (Very Strong).

Lancashire's common shares trade in the equity shares (commercial companies) category of the Main Market of the London Stock Exchange under the ticker symbol LRE. Lancashire has its head office and registered office at Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda.

The Bermuda Monetary Authority is the Group Supervisor of the Lancashire Group.

For more information, please visit Lancashire's website at www.lancashiregroup.com.

Alternative Performance Measures (APMs)

As is customary in the insurance industry, the Group also utilises certain non-GAAP measures in order to evaluate, monitor and manage the business and to aid users' understanding of the Group. Management believes that the APMs included in the unaudited condensed interim consolidated financial statements are important for understanding the Group's overall results of operations and may be helpful to investors and other interested parties who may benefit from having a consistent basis for comparison with other companies within the industry. However, these measures may not be comparable to similarly labelled measures used by companies inside or outside the insurance industry. In addition, the information contained herein should not be viewed as superior to, or a substitute for, the measures determined in accordance with the accounting principles used by the Group for its unaudited condensed interim consolidated financial statements or in accordance with GAAP.

In compliance with the Guidelines on APMs of the European Securities and Markets Authority and as suggested by the Financial Reporting Council, as applied by the Financial Conduct Authority, information on APMs which the Group uses is described below. This information has not been audited.

All amounts, excluding share data, ratios, percentages, or where otherwise stated, are in millions of U.S. dollars.

Net insurance ratio:

Ratio, in per cent, of net insurance expenses to net insurance revenue. Net insurance expenses represent the insurance service expenses less amounts recoverable from reinsurers. Net insurance revenue represents insurance revenue less allocation of reinsurance premium.

For the six months ended 30 June	2024	2023
Insurance service expense	472.2	288.5
Amounts recoverable from reinsurers	(54.6)	30.9
Net insurance expense	**417.6**	**319.4**
Insurance revenue	854.1	720.9
Allocation of reinsurance premium	(213.7)	(212.7)
Net insurance revenue	**640.4**	**508.2**
Net insurance ratio	**65.2%**	**62.8%**

Operating expense ratio:

Ratio, in per cent, of other operating expenses, excluding restricted stock expenses, to net insurance revenue.

For the six months ended 30 June	2024	2023
Other operating expenses	49.8	43.8
Net insurance revenue	640.4	508.2
Operating expense ratio	**7.8%**	**8.6%**

Combined ratio (discounted):

Ratio, in per cent, of the sum of net insurance expenses plus other operating expenses to net insurance revenue.

For the six months ended 30 June	2024	2023
Net insurance ratio	65.2%	62.8%
Net operating expense ratio	7.8%	8.6%
Combined ratio (discounted)	**73.0%**	**71.4%**

Combined ratio (undiscounted) (KPI):

Ratio, in per cent, of the sum of net insurance expense plus other operating expenses to net insurance revenue. This ratio excludes the impact of the discounting recognised within net insurance expenses.

For the six months ended 30 June	2024	2023
Combined ratio (discounted)	73.0%	71.4%
Discount included in net insurance expense	59.0	39.4
Net insurance revenue	640.4	508.2
Discounting impact on combined ratio	9.2%	7.8%
Combined ratio (undiscounted)	**82.2%**	**79.2%**

Diluted book value per share ('DBVS') attributable to the Group:

Calculated based on the value of the total shareholders' equity attributable to the Group and dilutive restricted stock units as calculated under the treasury method, divided by the sum of all shares and dilutive restricted stock units, assuming all are exercised.

As at	30 June 2024	31 December 2023
Shareholders' equity attributable to the Group	1,561,515,931	1,507,869,627
Common voting shares outstanding*	240,046,749	239,037,977
Shares relating to dilutive restricted stock	5,772,029	5,355,909
Fully converted book value denominator	245,818,778	244,393,886
Diluted book value per share	**$6.35**	**$6.17**

*Common voting shares outstanding comprise issued share capital less amounts held in trust.

Change in DBVS (KPI):

The internal rate of return of the change in DBVS in the period plus accrued dividends. Sometimes referred to as RoE.

As at	30 June 2024	31 December 2023
Opening DBVS	$6.17	$5.48
Q1 dividend per share	$0.50	—
Q2 dividend per share	$0.15	$0.10
Q3 dividend per share	—	$0.05
Q4 dividend per share	—	$0.50
Closing DBVS	$6.35	$6.17
Change in DBVS*	**14.0%**	**24.7%**

*Calculated using the internal rate of return

Total investment return (KPI):

Total investment return in percentage terms is calculated by dividing the total net investment return excluding interest income on non-managed cash and cash equivalents, by the investment portfolio net asset value including managed cash and cash equivalents, on a daily basis. These daily returns are then geometric linked to provide a total return for the period. The total investment return can be approximated by dividing the total net investment return excluding interest on non-managed cash and cash equivalents by the average portfolio net asset value, including managed cash and cash equivalents.

For the six months ended 30 June	2024	2023
Net investment return	75.2	63.2
Less interest income on non-managed cash and cash equivalents	(7.2)	(4.7)
Net investment return excluding interest on non-managed cash and cash equivalents	**68.0**	**58.5**
Average invested assets including managed cash and cash equivalents*	2,829.1	2,527.0
Approximate total investment return	2.4%	2.3%
Reported total investment return	**2.3%**	**2.2%**

*Calculated as the average between the opening and closing investments and our managed cash and cash equivalents.

Total shareholder return (KPI):

The increase/(decrease) in share price in the period, measured on a total return basis, which assumes the reinvestment of dividends. The total return measurement basis used will generally approximate the simple method of calculating the increase/(decrease) in share price adjusted for dividends as recalculated below.

As at	30 June 2024	31 December 2023
Opening share price	$7.96	$7.86
Q1 dividend per share	$0.50	—
Q2 dividend per share	$0.15	$0.10
Q2 closing share price	$7.76	—
Q3 dividend per share	—	$0.05
Q4 dividend per share	—	$0.50
Q4 closing share price	—	$7.96
Total shareholder return	**5.6%**	**9.5%**

Gross premiums written:

The Group adopted IFRS 17 on 1 January 2023. Under IFRS 4, the previous insurance accounting standard, the Group reported gross premiums written on the consolidated statement of comprehensive income as amounts payable by the insured, excluding any taxes or duties levied on the premium, including brokerage and commission deducted by intermediaries and any inwards reinstatement premiums. The Group continues to report gross premiums written as a growth metric and non-GAAP APM.

The table below reconciles gross premiums written on an IFRS 4 basis to insurance revenue on an IFRS 17 basis.

For the six months ended 30 June	2024	2023
Gross premiums written	1,282.2	1,184.0
Change in unearned premiums	(296.2)	(357.6)
Gross earned premium	**986.0**	**826.4**
Adjust for reinstatement premium and expected premium	0.3	(4.2)
Less commission and non-distinct investment components	(132.2)	(101.3)
Total insurance revenue	**854.1**	**720.9**

Gross premiums written under management (KPI):

The gross premiums written under management equals the total of the Group's consolidated gross premiums written, plus the external names portion of the gross premiums written in Syndicate 2010.

For the six months ended 30 June	2024	2023
Gross premiums written by the Group	1,282.2	1,184.0
LSL Syndicate 2010 - external Names portion of gross premiums written (unconsolidated)	75.7	92.8
Total gross premiums written under management	**1,357.9**	**1,276.8**

NOTE REGARDING RPI METHODOLOGY

THE RENEWAL PRICE INDEX ("RPI") IS AN INTERNAL METHODOLOGY THAT MANAGEMENT USES TO TRACK TRENDS IN PREMIUM RATES OF A PORTFOLIO OF INSURANCE AND REINSURANCE CONTRACTS. THE RPI WRITTEN IN THE RESPECTIVE SEGMENTS IS CALCULATED ON A PER CONTRACT BASIS AND REFLECTS MANAGEMENT'S ASSESSMENT OF RELATIVE CHANGES IN PRICE, TERMS, CONDITIONS AND LIMITS AND IS WEIGHTED BY PREMIUM VOLUME. THE RPI DOES NOT INCLUDE NEW BUSINESS, TO OFFER A CONSISTENT BASIS FOR ANALYSIS. THE CALCULATION INVOLVES A DEGREE OF JUDGEMENT IN RELATION TO COMPARABILITY OF CONTRACTS AND THE ASSESSMENT NOTED ABOVE. TO ENHANCE THE RPI METHODOLOGY, MANAGEMENT MAY REVISE THE METHODOLOGY AND ASSUMPTIONS UNDERLYING THE RPI, SO THE TRENDS IN PREMIUM RATES REFLECTED IN THE RPI MAY NOT BE COMPARABLE OVER TIME. CONSIDERATION IS ONLY GIVEN TO RENEWALS OF A COMPARABLE NATURE SO IT DOES NOT REFLECT EVERY CONTRACT IN THE PORTFOLIO OF CONTRACTS. THE FUTURE PROFITABILITY OF THE PORTFOLIO OF CONTRACTS WITHIN THE RPI IS DEPENDENT UPON MANY FACTORS BESIDES THE TRENDS IN PREMIUM RATES.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELLED LOSS SCENARIOS) MADE IN THIS RELEASE OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS "BELIEVES", "AIMS", "ANTICIPATES", "PLANS", "PROJECTS", "FORECASTS", "GUIDANCE", "POLICY", "INTENDS", "EXPECTS", "ESTIMATES", "PREDICTS", "MAY", "CAN", "LIKELY", "WILL", "SEEKS", "SHOULD", OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. FOR A DESCRIPTION OF SOME OF THESE FACTORS, SEE THE GROUP'S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND THE GROUP'S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024. IN ADDITION TO THOSE FACTORS CONTAINED IN THE GROUP'S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND THE GROUP'S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024, ANY FORWARD-LOOKING STATEMENTS CONTAINED IN THIS RELEASE MAY BE AFFECTED BY: THE IMPACT OF THE COLLAPSE OF THE FRANCIS SCOTT KEY BRIDGE IN BALTIMORE WHICH OCCURRED IN THE FIRST QUARTER OF 2024, AND THE CONTINUED HOSTILITIES IN THE MIDDLE EAST AND THEIR IMPACT ON THE REGION, GLOBAL SUPPLY ROUTES AND INSURANCE AND FINANCIAL MARKETS. ALL FORWARD-LOOKING STATEMENTS IN THIS RELEASE OR OTHERWISE SPEAK ONLY AS AT THE DATE OF PUBLICATION. LANCASHIRE EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING (SAVE AS REQUIRED TO COMPLY WITH ANY LEGAL OR REGULATORY OBLIGATIONS INCLUDING THE RULES OF THE LONDON STOCK EXCHANGE) TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT TO REFLECT ANY CHANGES IN THE GROUP'S EXPECTATIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE GROUP OR INDIVIDUALS ACTING ON BEHALF OF THE GROUP ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THIS NOTE. PROSPECTIVE INVESTORS SHOULD SPECIFICALLY CONSIDER THE FACTORS IDENTIFIED IN THIS RELEASE AND THE REPORT AND ACCOUNTS NOTED ABOVE WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER BEFORE MAKING AN INVESTMENT DECISION.

Consolidated statement of comprehensive income

For the six months ended 30 June	2024 $m	2023 $m
Insurance revenue	854.1	720.9
Insurance service expenses	(472.2)	(288.5)
Insurance service result before reinsurance contracts held	**381.9**	**432.4**
Allocation of reinsurance premium	(213.7)	(212.7)
Amounts recoverable from reinsurers	54.6	(30.9)
Net expense from reinsurance contracts held	**(159.1)**	**(243.6)**
Insurance service result	**222.8**	**188.8**
Net investment return	75.2	63.2
Finance expense from insurance contracts issued	(28.3)	(37.7)
Finance income from reinsurance contracts held	9.3	14.1
Net insurance and investment result	**279.0**	**228.4**
Share of profit of associate	7.5	5.2
Other income	4.8	1.1
Net foreign exchange losses	(2.0)	(1.0)
Other operating expenses	(49.8)	(43.8)
Equity based compensation	(9.6)	(7.2)
Financing costs	(16.3)	(15.5)
Profit before tax	**213.6**	**167.2**
Tax charge	(12.8)	(8.0)
Profit after tax	**200.8**	**159.2**
Earnings per share		
Basic	$0.84	$0.67
Diluted	$0.82	$0.66

Consolidated statement of financial position

As at	30 June 2024 $m	31 December 2023 $m
Assets		
Cash and cash equivalents	698.2	756.9
Accrued interest receivable	21.5	16.7
Investments	2,628.1	2,455.5
Reinsurance contract assets	449.1	387.8
Other receivables	27.0	58.4
Investment in associate	16.1	16.2
Right-of-use assets	17.7	19.3
Property, plant and equipment	9.4	9.8
Intangible assets	181.7	181.1
Total assets	**4,048.8**	**3,901.7**
Liabilities		
Insurance contract liabilities	1,936.3	1,823.7
Other payables	51.9	80.6
Corporation tax payable	7.3	2.0
Deferred tax liability	21.5	16.2
Lease liabilities	23.5	24.7
Long-term debt	446.8	446.6
Total liabilities	**2,487.3**	**2,393.8**
Shareholders' equity		
Share capital	122.0	122.0
Own shares	(23.7)	(29.7)
Other reserves	1,235.9	1,233.2
Retained earnings	227.3	182.4
Total shareholders’ equity	**1,561.5**	**1,507.9**
Total liabilities and shareholders’ equity	**4,048.8**	**3,901.7**

Consolidated statements of cash flows

For the six months ended 30 June	2024 $m	2023 $m
Cash flows from operating activities		
Profit before tax	213.6	167.2
Adjustments for:		
Tax paid	(1.8)	(0.1)
Depreciation	3.1	1.8
Amortisation of intangible assets	0.3	—
Interest expense on long-term debt	12.9	12.9
Interest expense on lease liabilities	0.8	0.8
Interest income	(61.7)	(41.4)
Dividend income	(8.2)	(5.1)
Net realised losses	1.2	3.7
Net unrealised gains on investments	(6.9)	(18.3)
Equity based compensation	9.6	7.2
Foreign exchange losses	1.0	0.6
Share of profit of associate	(7.5)	(5.2)
Changes in operational assets and liabilities		
Insurance and reinsurance contracts	57.3	44.2
Other assets and liabilities	3.5	18.0
Net cash flows from operating activities	**217.2**	**186.3**
Cash flows used in investing activities		
Interest income received	56.9	38.7
Dividend income received	8.2	5.1
Purchase of property, plant and equipment	(0.8)	(3.4)
Internally generated intangible asset	(0.9)	(5.1)
Investment in associate	7.5	40.6
Purchase of investments	(802.0)	(551.0)
Proceeds on sale of investments	634.5	398.3
Net cash flows used in investing activities	**(96.6)**	**(76.8)**
Cash flows used in financing activities		
Interest paid	(12.9)	(12.9)
Lease liabilities paid	(2.0)	(2.0)
Dividends paid	(155.9)	(23.9)
Distributions by trust	(1.3)	—
Net cash flows used in financing activities	**(172.1)**	**(38.8)**
Net (decrease) increase in cash and cash equivalents	(51.5)	70.7
Cash and cash equivalents at beginning of period	756.9	548.8
Effect of exchange rate fluctuations and other items on cash and cash equivalents	(7.2)	0.8
Cash and cash equivalents at end of period	**698.2**	**620.3**