



People, Purpose & Performance

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Business review: Financial performance

For the six months ended 30 June 2025

Financial highlights

For the six months ended	30 June 2025 \$m	30 June 2024 \$m
Highlights		
Gross premiums written ¹	1,356.2	1,282.2
Insurance revenue	930.1	854.1
Insurance service result	155.7	222.8
Net investment return	108.2	75.2
Profit after tax	109.2	200.8
Financial ratios		
Net insurance ratio ¹	78.6%	65.2%
Combined ratio (discounted) ¹	87.4%	73.0%
Combined ratio (undiscounted) ¹	97.8%	82.2%
Total investment return ¹	3.7%	2.3%
Per Share data		
Diluted book value per share ¹	\$6.08	\$6.35
Change in diluted book value per share ¹	7.6%	14.0%
Dividends per common share paid in the financial year to date ²	\$0.40	\$0.65
Diluted earnings per share	\$0.44	\$0.82

1. Please refer to pages 29 and 30 for details of how these Alternative Performance Measures (APMs) are calculated.

2. Includes special dividend of 25 cents per share paid in April 2025 in respect of the year ended 31 December 2024 financial results.

Alex Maloney, Group Chief Executive Officer, commented:

"Lancashire's performance for the first six months of the year clearly demonstrates the increased resilience within our business model.

Our strategy to grow at the right time in the cycle means we are better positioned, across various classes and geographies, than ever before. We have developed a robust, diversified and capital-efficient underwriting portfolio that can absorb the impact of significant industry loss events whilst delivering more predictable returns.

The impact of the wildfires in California in January has been felt across the sector. Estimated industry insured losses are around \$40 billion, making it one of the costliest wildfire disasters ever recorded. In this context, our strong profit after tax of \$109.2 million and healthy discounted combined ratio for the period of 87.4% (undiscounted of 97.8%) shows our ability to deliver attractive returns even in a challenging loss environment.

We have continued to grow our underwriting portfolio in line with the market opportunity in a disciplined way with gross premiums written increasing 5.8% year-on-year to \$1,356.2 million. Insurance revenue increased 8.9% year-on-year to \$930.1 million, with the Group RPI for the period standing at 96%. Whilst the market has become more competitive, several years of rate increases and improvement of terms mean most lines remain fundamentally well-priced and offer opportunities to grow selectively.

Our underwriting performance has been complemented by our investment portfolio, which returned 3.7% for the period and remains an important strategic lever for value creation. The relatively conservative, short duration, portfolio is well-positioned to limit downside risk, which is a prudent position in volatile markets.

So, overall, we approach the second half of the year with confidence, a very strong balance sheet and robust capital base, which is able to support growth and shareholder returns.

We outlined earlier in the year, in a severe loss year with a similar level of catastrophe and large risk losses as 2024, in addition to the California wildfires, we would expect to deliver an RoE in the mid-teens for 2025. In light of our half-year 2025 performance, in the same scenario, we would now expect to deliver a high teens RoE.

I am pleased to report that during the period, we made an offer for the remaining capacity on Syndicate 2010 (for the 2026 underwriting year), which is not already owned by the Group. Acceptances have been received such that we now have 99.4% of the capacity and an application has been made to Lloyd's for permission to effect a minority buy-out in respect of the remaining capacity.

2025 is our 20th year of operations and I am proud that we remain a healthy, relevant and strong player in the sector. Our accomplishments during the first six months of the year have only been made possible by the talented and committed people that we have across the Lancashire Group, in all functions and all regions. I would like to thank them all for their hard work, dedication and support in assisting us in delivering our strategic goals and, importantly, in deepening our thriving and positive culture.

In an unstable world, both geopolitically and economically, Lancashire continues to have the vision, resilience, and talent to maintain long and mutually beneficial relationships with our clients and brokers, and deliver sustainable returns for our investors."

Business review *continued*

Insurance service results

For the six months ended 30 June	2025			2024		
	Reinsurance \$m	Insurance \$m	Total \$m	Reinsurance \$m	Insurance \$m	Total \$m
Gross premiums written	815.6	540.6	1,356.2	734.6	547.6	1,282.2
RPI	97%	96%	96%	101%	103%	102%
Insurance revenue	450.6	479.5	930.1	407.6	446.5	854.1
Insurance service result	80.4	75.3	155.7	152.0	70.8	222.8
Net insurance ratio	78.3%	78.9%	78.6%	53.3%	77.5%	65.2%

Gross premiums written

Gross premiums written increased by \$74.0 million, or 5.8%, during the first six months of 2025 compared to the equivalent period in 2024. Excluding the impact of reinstatement premiums, underlying growth in gross premiums written was 2.5%. In the reinsurance segment, new business growth and premium coming through from policies bound in prior years resulted in an increase in casualty, while a higher level of reinstatement premium contributed to the growth in property. In the insurance segment, new business growth in energy and marine was more than offset by rate decreases in property and aviation. The overall RPI for the Group was 96%. Following several years of pricing increase the market is now more competitive, but in most lines remains fundamentally well priced. Our underwriting expertise positions us well to navigate the challenges and opportunities within the current market.

Insurance revenue

Insurance revenue increased by \$76.0 million, or 8.9%, for the first six months of 2025 compared to the same period in 2024. Gross premiums earned, the key driver of insurance revenue, as a percentage of gross premiums written was 81.9% for the first six months of 2025 compared to 76.9% for the equivalent period in 2024. Insurance revenue continues to increase at a faster rate than gross premiums written, reflecting premium earnings from prior underwriting years where the business saw substantial growth.

Allocation of reinsurance premium

Allocation of reinsurance premiums decreased by \$10.1 million, or 4.7%, during the first six months of 2025 compared to the same period in 2024. The allocation of reinsurance premiums as a percentage of insurance revenue for the Group was 21.9%, compared to 25.0% in the prior period, reflecting restructuring of the outwards reinsurance programme as the Group seeks to achieve efficiencies and to benefit from its increasingly diversified underwriting portfolio.

Net loss environment

During the first six months of 2025, the Group experienced net losses (undiscounted, excluding reinstatement premiums) from catastrophe, weather and large loss events totalling \$211.2 million. Catastrophe and weather losses were \$172.0 million. California wildfires represent the majority of this figure and our estimate of losses resulting from this event remains unchanged. During the first six months of 2025, the Group also experienced net losses (undiscounted, excluding reinstatement premiums) from large risk events totalling \$39.2 million. None of the large risk event losses were individually material for the Group.

In comparison, during the first six months of 2024, the Group experienced net losses (undiscounted, excluding reinstatement premiums) from catastrophe, weather and large loss events totalling \$44.0 million.

Favourable prior accident year loss development for the undiscounted net movement in loss reserves was \$109.1 million during the first six months of 2025. This was primarily due to general IBNR, catastrophe and large loss reserve releases on the 2024, 2023 and 2021 accident years.

In comparison, the favourable prior accident year undiscounted net movement in loss reserves during the first six months of 2024 was \$34.9 million.

This continues our track record of favourable reserve releases and the Group remains conservatively reserved at an 85% confidence interval.

Business review *continued*

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.

	2025			2024		
	Insurance contracts issued \$m	Reinsurance contracts held \$m	Total \$m	Insurance contracts issued \$m	Reinsurance contracts held \$m	Total \$m
For the six months ended 30 June						
Initial discount included in insurance service result	102.0	(26.3)	75.7	73.6	(14.6)	59.0
Unwind of discount	(50.3)	11.5	(38.8)	(47.1)	13.7	(33.4)
Impact of change in assumptions	(22.7)	4.8	(17.9)	18.8	(4.4)	14.4
Finance (expense) income	(73.0)	16.3	(56.7)	(28.3)	9.3	(19.0)
Total net discounting income (expense)	29.0	(10.0)	19.0	45.3	(5.3)	40.0

The total impact of discounting for the first six months of 2025 was a net benefit of \$19.0 million, compared to a net benefit of \$40.0 million for the same period in 2024. The higher net initial discount in 2025 compared to 2024 is primarily due to the continued growth in the Group's underwriting portfolio and the impact of catastrophe and large losses events contributing to a higher quantum of initial loss reserves being established.

The discount rate for all of the Group's major currencies has decreased in the first six months of 2025. This has driven an adverse impact from the change in discount rate assumptions. The unwind of discount has increased and reflects the growth in the discount provision over recent years in what has been a relatively high discount rate environment.

In the first six months of 2024, discount rates increased across all major currencies creating a positive impact from the change in discount rate assumptions and a higher overall net benefit from discounting.

Investments

For the six months ended 30 June	2025 \$m	2024 \$m
Total net investment return	108.2	75.2

Net investment income, excluding realised and unrealised gains and losses, was \$81.3 million for the first six months of 2025, an increase of 12.4% compared to the same period in 2024. Total investment return, including net investment income, net realised gains and losses and net change in unrealised gains and losses, was \$108.2 million for the first six months of 2025 compared to \$75.2 million for the same period in 2024.

The investment portfolio generated a total investment return of 3.7% during the first six months of 2025. The returns were driven by investment income, benefiting from higher yields in conjunction with higher prices from falling treasury rates, buffering the slight widening of investment grade credit spreads. In addition, the non-US dollar portfolios and cash, held for hedging purposes, benefitted from a weakening US dollar which added 50bps or \$15.7 million of investment return. The private investment funds also contributed strong returns during the period.

For the first six months of 2024, the investment portfolio generated a positive return of 2.3%.

The managed portfolio was invested as follows:

As at	30 June 2025 \$m	31 December 2024 \$m
Fixed maturity securities	2,712.2	2,603.8
Managed cash and cash equivalents	270.1	294.4
Private investment funds	275.7	253.1
Hedge funds	5.7	7.9
Other investments	(0.1)	0.1
Total	3,263.6	3,159.3

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

As at	30 June 2025	31 December 2024
Duration	2.0 years	2.0 years
Credit quality	A+	AA-
Book yield	4.8%	4.7%
Market yield	4.7%	5.0%

Business review *continued*

Other operating expenses

For the six months ended 30 June	2025 \$m	2024 \$m
Operating expenses - fixed	103.5	89.3
Operating expenses - variable	19.9	12.3
Total operating expenses	123.4	101.6
Directly attributable expenses allocated to insurance service expenses	(59.2)	(51.8)
Other operating expenses	64.2	49.8

The most significant driver of the increase in operating expenses for the first six months of 2025, compared to the same period in 2024, was an increase in employment expenses. The headcount for the Group was nearly 450 at the end of June 2025, compared to just over 400 in June 2024. This increase in headcount, and the underlying growth in the underwriting portfolio, also continues to drive increases in IT, operational processing and office costs.

In the first six months of 2025, \$59.2 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 \$51.8 million for the same period in 2024, and is reflective of the increase within the Group's operating expense base.

Capacity offer

On 26 June 2025, Lancashire's corporate member at Lloyd's (Cathedral Capital (1998) Limited ("CC98")), which provides 79.7% of the syndicate allocated capacity of syndicate 2010 for the 2025 year of account, made a formal offer (the "Offer") to all other members of that syndicate to acquire their prospective participations relating to syndicate 2010 for the 2026 year of account for a price of 62p in cash per £1 of capacity. The Offer was made to fulfil an obligation pursuant to Lloyd's Mandatory Offer Byelaw. The Offer closed on 25 July 2025 and acceptances had been received such that CC98 now has 99.4% of allocated capacity on syndicate 2010 for the 2026 year of account. An application has been made to the Council of Lloyd's for permission to effect a minority buy-out in respect of the remaining capacity on syndicate 2010 not already owned by CC98.

Capital

As at 30 June 2025, total capital available to Lancashire was approximately \$1.9 billion, comprising shareholders' equity of \$1.5 billion and \$0.4 billion of long-term debt. Tangible capital was approximately \$1.7 billion. Leverage was 22.8% on total capital and 25.3% on tangible capital. Total capital and total tangible capital as at 31 December 2024 were \$1.9 billion and \$1.7 billion, respectively.

Dividends

On 5 August 2025, 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 \$18.0 million. The dividend will be paid in Pounds Sterling on 15 September 2025 to shareholders of record on 15 August 2025 (the "Record Date") using the £ / \$ spot market exchange rate at 12 noon BST time on the Record Date.

Ratings

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).

Condensed interim consolidated statement of comprehensive income

For the six months ended 30 June 2025

	Notes	Six months ended 30 June 2025 \$m	Six months ended 30 June 2024 \$m
Insurance revenue	2, 8	930.1	854.1
Insurance service expenses	2, 8	(792.1)	(472.2)
Insurance service result before reinsurance contracts held		138.0	381.9
Allocation of reinsurance premium	2, 8	(203.6)	(213.7)
Amounts recoverable from reinsurers	2, 8	221.3	54.6
Net income (expense) from reinsurance contracts held		17.7	(159.1)
Insurance service result		155.7	222.8
Net investment return	2, 4	108.2	75.2
Finance expense from insurance contracts issued	2, 3	(73.0)	(28.3)
Finance income from reinsurance contracts held	2, 3	16.3	9.3
Net insurance and investment result		207.2	279.0
Share of profit of associate		1.8	7.5
Other income		3.7	4.8
Net foreign exchange losses		(1.4)	(2.0)
Other operating expenses	2, 5	(64.2)	(49.8)
Equity based compensation		(11.4)	(9.6)
Financing costs		(17.1)	(16.3)
Profit before tax		118.6	213.6
Tax charge	6	(9.4)	(12.8)
Profit after tax		109.2	200.8
Earnings per share			
Basic	12	\$0.45	\$0.84
Diluted	12	\$0.44	\$0.82

Condensed interim consolidated statement of financial position

As at 30 June 2025

	Notes	30 June 2025 \$m	31 December 2024 \$m
Assets			
Cash and cash equivalents		653.2	684.3
Accrued interest receivable		24.2	22.0
Investments	7	2,993.5	2,864.9
Reinsurance contract assets	8	620.8	557.2
Other receivables		31.3	20.5
Investment in associate		8.0	9.1
Right-of-use assets		14.4	16.2
Property, plant and equipment		7.9	8.7
Intangible assets		196.7	197.0
Total assets		4,550.0	4,379.9
Liabilities			
Insurance contract liabilities	8	2,461.7	2,300.4
Other payables		73.0	91.9
Corporation tax payable		10.0	2.7
Deferred tax liability	9	22.5	22.3
Lease liabilities		21.7	22.3
Long-term debt		447.2	447.0
Total liabilities		3,036.1	2,886.6
Shareholders' equity			
Share capital	10	122.0	122.0
Own shares	10	(12.0)	(20.5)
Other reserves	10	1,241.7	1,242.3
Retained earnings		162.2	149.5
Total shareholders' equity		1,513.9	1,493.3
Total liabilities and shareholders' equity		4,550.0	4,379.9

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on 5 August 2025 and signed on its behalf by:



Philip Broadley
Director/Chair



Natalie Kershaw
Director/Group CFO

Condensed interim consolidated statement of changes in shareholders' equity

For the six months ended 30 June 2025

	Notes	Share capital \$m	Own shares \$m	Other reserves \$m	Retained earnings \$m	Shareholders' equity \$m
Balance as at 31 December 2023		122.0	(29.7)	1,233.2	182.4	1,507.9
Profit for the period		—	—	—	200.8	200.8
Distributed by the trust	10	—	6.0	(7.3)	—	(1.3)
Dividends on common shares	10	—	—	—	(155.9)	(155.9)
Net deferred tax	9	—	—	0.2	—	0.2
Equity based compensation		—	—	9.8	—	9.8
Balance as at 30 June 2024		122.0	(23.7)	1,235.9	227.3	1,561.5
Profit for the period		—	—	—	120.5	120.5
Distributed by the trust	10	—	3.2	(4.0)	—	(0.8)
Dividends on common shares	10	—	—	—	(198.3)	(198.3)
Net deferred tax	9	—	—	0.6	—	0.6
Equity based compensation		—	—	9.8	—	9.8
Balance as at 31 December 2024		122.0	(20.5)	1,242.3	149.5	1,493.3
Profit for the period		—	—	—	109.2	109.2
Distributed by the trust	10	—	8.5	(12.3)	—	(3.8)
Dividends on common shares	10	—	—	—	(96.5)	(96.5)
Net deferred tax	9	—	—	0.1	—	0.1
Equity based compensation		—	—	11.6	—	11.6
Balance as at 30 June 2025		122.0	(12.0)	1,241.7	162.2	1,513.9

Condensed interim consolidated statement of cash flows

For the six months ended 30 June 2025

	Notes	Six months ended 30 June 2025 \$m	Six months ended 30 June 2024 \$m
Cash flows from operating activities			
Profit before tax		118.6	213.6
Adjustments for:			
Tax paid		(2.1)	(1.8)
Depreciation		3.3	3.1
Amortisation of intangible assets		1.5	0.3
Interest expense on long-term debt		12.9	12.9
Interest expense on lease liabilities		0.6	0.8
Interest income		(71.7)	(61.7)
Dividend income		(9.9)	(8.2)
Net realised losses on investments	4	1.3	1.2
Net unrealised gains on investments	4	(31.0)	(6.9)
Equity based compensation		11.4	9.6
Foreign exchange losses		2.1	1.0
Share of profit of associate		(1.8)	(7.5)
Changes in operational assets and liabilities			
Insurance and reinsurance contracts		55.8	57.3
Other assets and liabilities		(35.1)	3.5
Net cash flows from operating activities		55.9	217.2
Cash flows from (used in) investing activities			
Interest income received		69.5	56.9
Dividend income received		9.9	8.2
Purchase of property, plant and equipment		(0.6)	(0.8)
Internally generated intangible asset		(1.2)	(0.9)
Investment in associate		2.9	7.5
Purchase of investments and capital contributions		(780.9)	(802.0)
Proceeds on sale of investments and return of capital		707.5	634.5
Net cash flows from (used in) investing activities		7.1	(96.6)
Cash flows used in financing activities			
Interest paid		(12.9)	(12.9)
Lease liabilities paid		(3.2)	(2.0)
Dividends paid	10	(96.5)	(155.9)
Distributions by trust		(3.8)	(1.3)
Net cash flows used in financing activities		(116.4)	(172.1)
Net decrease in cash and cash equivalents		(53.4)	(51.5)
Cash and cash equivalents at beginning of period		684.3	756.9
Effect of exchange rate fluctuations on cash and cash equivalents		16.6	(7.0)
Effect of other items on cash and cash equivalents ¹		5.7	(0.2)
Cash and cash equivalents at end of period		653.2	698.2

1. Other items includes the effect of prior underwriting years of account losses and loss adjustment expenses, and reinsurance recoveries, being reinsured to close into the oldest open underwriting year of account, to the extent where the Group's syndicate participation has changed between those years of account.

Accounting policies

For the six months ended 30 June 2025

Summary of significant accounting policies

The basis of preparation, use of judgements and estimates, consolidation principles and material accounting policies adopted in the preparation of the Group's unaudited condensed interim consolidated financial statements are those that the Group expects to apply for the year ending 31 December 2025.

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual audited consolidated financial statements, and should therefore be read in conjunction with the 2024 annual audited consolidated financial statements within the 2024 Annual Report and Accounts.

Basis of preparation

Going concern basis of accounting

The Group's unaudited condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with IFRS as adopted by the UK and in accordance with IAS 34, Interim Financial Reporting.

The Group transitioned to IFRS (as issued by the International Accounting Standards Board), as adopted by the UK within its consolidated financial statements effective from 1 January 2025. This transition constitutes a change in accounting framework, however there has been no impact on recognition, measurement or disclosure during the period of these financial statements as a result of this change in accounting framework.

In assessing the Group's going concern position as at 30 June 2025, the Directors have considered a number of factors. These include:

- the current balance sheet and liquidity position;
- the level and composition of the Group's capital and solvency ratios;
- the Group's ability to service its long-term debt financing arrangements;
- the current performance against the Group's strategic and financial business plan;
- the Group's dividend distribution policy; and
- the current market environment, including consideration for climate change.

In addition, the ORSA report is a key document informing the Group's going concern assessment that is submitted to the Board.

Based on the going concern assessment performed, the Directors consider there to be no material uncertainties that may cast significant doubt over the Group's ability to continue to operate as a going concern. The Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future, being a period of at least 12 months from the date of signing these unaudited condensed interim consolidated financial statements.

Other basis of preparation

All amounts presented, excluding share data, or where otherwise stated, are in millions of US dollars (\$m), with amounts rounded to the nearest \$0.1 million where appropriate. The unaudited condensed interim consolidated statement of financial position is presented in order of decreasing liquidity.

Use of judgements, estimates and assumptions

The preparation of the Group's unaudited condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

Assumptions and estimates are based on information, knowledge and data available when the unaudited condensed interim consolidated financial statements are prepared. However, existing circumstances and assumptions about future developments may change, or circumstances may arise that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur, and are recognised prospectively. It is considered impracticable to determine the effect that changes in these assumptions and estimates are expected to have on future periods.

Key assumptions concerning the future, and sources of estimation uncertainty

The Group has considered both key assumptions concerning the future, and sources of estimation uncertainty, that may be expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in a subsequent financial year.

Insurance contracts issued and reinsurance contracts held

The Group has determined that its most significant area of estimation uncertainty is in relation to the measurement of insurance contracts issued and reinsurance contracts held. Changes in assumptions made may materially change the FCF that make up these balances. The FCF are the current estimates of the future cash flows within the contract boundary of a group of insurance or reinsurance contracts that we expect to collect premiums from, and pay out for claims, benefits and expenses, adjusted to reflect the timing and uncertainty of those amounts. Changes in the following key assumptions may change the FCF materially:

- assumptions about the amount and timing of future cash flows;
- assumptions about claims development;
- assumptions about discount rates, including any illiquidity premiums; and
- assumptions about the risk adjustment for non-financial risk.

Accounting policies *continued*

The estimation of the FCF is a complex actuarial process which incorporates a significant amount of judgement, in particular in relation to the estimation of the LIC and AIC. Delays in reporting losses to the Group, together with unforeseen loss development, increase uncertainty over the accuracy of loss reserves. A significant portion of the Group's business is in classes with high attachment points of coverage and therefore a low frequency but high severity of claims. This adds further complexity to the reserving process due to the limited volume of industry data available from which to reliably predict ultimate losses following a loss event. Volatility for the majority of losses is limited on a net basis by the reinsurance protection purchased. Information about these key assumptions and estimates are included in our risk disclosures in the Group's 31 December 2024 Annual Report and Accounts and in note 8.

Level (iii) investments

The Group holds a relatively straightforward investment portfolio consisting mainly of standard fixed maturity products. Level (iii) investments are securities for which valuation techniques are not based on observable market data, and therefore require significant management judgement to determine an appropriate fair value. The Group determines securities classified as Level (iii) to include private investment funds, hedge funds and loans made to the Lloyd's central fund. The estimation of fair value, specifically for Level (iii) investments, is discussed within the risk disclosures in the Group's 31 December 2024 Annual Report and Accounts and in note 7.

Management judgements, other than those involving estimations

Lancashire is an insurance group whose primary focus is on underwriting and actively balancing risk and return. In doing so it focuses on ensuring premium revenue and investment return exceeds the cost of claims, outwards reinsurance and operating expenses. The main areas in which judgement is applied are therefore in the measurement and recognition of insurance contracts and financial assets.

Simplified premium allocation measurement model

Management applies judgement to determine if the Group is eligible to apply the simplified PAA measurement model under IFRS 17. The Group considers that it is eligible to apply the PAA measurement model to its portfolios and groups of insurance contracts on the basis that the measurement of the LRC is not reasonably expected to differ materially from that calculated under the GMM. The Group applies the PAA to simplify the measurement of all its insurance contracts issued and reinsurance contracts held.

Level of aggregation

Judgement is required to determine the level of aggregation under IFRS 17. Insurance contracts issued that are subject to similar risks and that are managed together, are classified into a portfolio of insurance contracts. The following considerations have been given most weight in the definition of similar risks:

- risk aggregations used for other business purposes such as reserving;
- segmentations used for underwriting; and
- perils covered and incidence of risk over time.

Each portfolio of insurance contracts is then further disaggregated into annual cohorts, and each annual cohort is classified into a maximum of three groups of contracts for recognition and measurement purposes based on their expected profitability. See accounting policies in the Group's 31 December 2024 Annual Report and Accounts and in note 8.

Onerous contract assessment

Management applies judgement to assess whether facts and circumstances indicate that a group of insurance contracts is onerous at initial recognition, and subsequently assesses whether facts and circumstances indicate any changes in the onerous group's profitability, and whether any loss component remeasurement is required. See accounting policies and note 13 in the Group's 31 December 2024 Annual Report and Accounts and in note 8.

Classification of investment portfolio

The classification of the Group's investment portfolio requires judgement in assessing the business model within which assets are held. The Group has established that all investment classes are managed, and their performance evaluated, on a fair value basis and therefore they are classified at FVTPL. See risk disclosures in the Group's 31 December 2024 Annual Report and Accounts and in note 7.

Annual impairment assessments

The syndicate participation rights and goodwill are intangible assets with an indefinite life and subject to an annual impairment assessment. The Group applies judgement when determining the input assumptions for the value in use calculation. The input assumptions and their sensitivity are disclosed in note 17 of the Group's 31 December 2024 Annual Report and Accounts.

Current and deferred tax

The Group is exposed to changes in tax legislation which are complex to interpret and evolve over time. The Group applies management expertise and judgement to interpret and assess the impact of these changes in tax legislation. Third party specialists provide tax guidance and tax opinions at the request of management. Recent changes in tax legislation are disclosed in note 9.

Changes in accounting policies

IFRS 18, Presentation and Disclosure in Financial Statements

On 9 April 2024, the IASB published IFRS 18, Presentation and Disclosure in Financial Statements. The standard will be effective from 1 January 2027, replacing IAS 1, Presentation of Financial Statements. The Group is monitoring the endorsement process and undertaking an initial assessment into the potential impact of adopting IFRS 18. There are also amendments to other existing standards and interpretations that are mandatory for the first time for financial periods beginning 1 January 2025. These are not currently relevant for the Group and do not impact the consolidated financial statements of the Group.

Risk disclosures

For the six months ended 30 June 2025

The Group is exposed to risks from several sources, classified into six primary risk categories. These are insurance risk, market risk, liquidity risk, credit risk, operational risk and strategic risk. The primary risk to the Group is insurance risk. The six risk categories are discussed in detail on pages 136 to 153 in the Annual Report and Accounts for the year ended 31 December 2024. These remain the most relevant risks and uncertainties for the Group for the six month period to 30 June 2025. The Group does not provide full risk disclosures as part of its interim reporting to 30 June 2025, but instead focuses only on material changes to the risk disclosures from the year ended 31 December 2024.

Catastrophe management

The Group actively monitors risk levels and manages catastrophe risk accumulations using reinsurance and PML based risk tolerances, which are monitored as part of our climate-related insurance risks. The Group's exposures to certain peak zone elemental losses, as a percentage of tangible capital, including long-term debt, are shown below. Net loss estimates are undiscounted before tax, and net of reinstatement premiums and outwards reinsurance on a first occurrence return period basis.

		30 June 2025		31 December 2024	
100 year return period estimated net loss ¹		\$m	% of tangible capital	\$m	% of tangible capital
Zones	Perils				
Gulf of Mexico ²	Hurricane	334.8	19.0%	335.8	19.3%
California	Earthquake	254.6	14.4%	247.6	14.2%
Non-Gulf of Mexico – US	Hurricane	240.1	13.6%	233.4	13.4%
Pan-European	Windstorm	99.1	5.6%	129.4	7.4%
Japan	Earthquake	83.6	4.7%	107.3	6.2%
Japan	Typhoon	81.9	4.6%	102.3	5.9%
Pacific North West	Earthquake	40.8	2.3%	34.3	2.0%

		30 June 2025		31 December 2024	
250 year return period estimated net loss ¹		\$m	% of tangible capital	\$m	% of tangible capital
Zones	Perils				
Gulf of Mexico ²	Hurricane	455.7	25.8%	435.4	25.0%
California	Earthquake	293.9	16.7%	302.6	17.4%
Non-Gulf of Mexico – US	Hurricane	410.1	23.2%	525.9	30.2%
Pan-European	Windstorm	163.1	9.2%	195.9	11.2%
Japan	Earthquake	170.2	9.6%	189.5	10.9%
Japan	Typhoon	118.4	6.7%	155.0	8.9%
Pacific North West	Earthquake	177.0	10.0%	170.9	9.8%

1. Estimated net loss balances presented in the tables above are unaudited.

2. Landing hurricane from Florida to Texas.

There can be no guarantee that the modelled assumptions and techniques deployed in calculating these figures are accurate. There could also be an unmodelled loss which exceeds these figures. In addition, any modelled loss scenario could cause a larger loss to capital than the modelled expectation from the above return periods.

Emerging risk

There have been no significant new emerging risks identified in addition to those disclosed on page 136 of the Group's 31 December 2024 Annual Report and Accounts.

Notes to the accounts

For the six months ended 30 June 2025

1. General information

The Group is a provider of global specialty (re)insurance products with operations in London, Bermuda, the US, and Australia. LHL (registered number 37415) was incorporated under the laws of Bermuda and its common shares trade on the main market of the LSE. LHL's head office and registered office is Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda.

The unaudited condensed interim consolidated financial statements for the six months ended 30 June 2025 include LHL's subsidiary companies, the Group's investment in associate, and the Group's share of the syndicates' assets and liabilities, and income and expenses. A full listing of the Group's related parties can be found in note 22 of the Group's 31 December 2024 Annual Report and Accounts.

2. Segmental reporting

Management and the Board of Directors review the Group's business primarily by its two principal segments: reinsurance and insurance. These segments are therefore deemed to be the Group's operating segments for the purposes of segmental reporting. Lines of business are underwritten within each operating segment. These lines of business are written primarily, but not exclusively, on a reinsurance or insurance basis.

Operating segment performance is measured by the insurance service result and the net insurance ratio. The performance of the overall Group is measured by the combined ratio on both an undiscounted and discounted basis.

All amounts reported are transactions with external parties and the Group's associate. There are no significant inter-segmental transactions, and there are no significant insurance or reinsurance contracts that insure or reinsure risks in Bermuda, the Group's country of domicile.

Insurance revenue geographical split

	2025			2024		
	Reinsurance \$m	Insurance \$m	Total \$m	Reinsurance \$m	Insurance \$m	Total \$m
For the six months ended 30 June						
US and Canada	244.7	169.6	414.3	201.4	154.6	356.0
Worldwide – multi territory	161.0	190.8	351.8	156.4	151.8	308.2
Europe	25.4	44.9	70.3	27.3	49.6	76.9
Rest of world	19.5	74.2	93.7	22.5	90.5	113.0
Total insurance revenue	450.6	479.5	930.1	407.6	446.5	854.1

Revenue and expenses by operating segment

	2025			2024		
	Reinsurance \$m	Insurance \$m	Total \$m	Reinsurance \$m	Insurance \$m	Total \$m
For the six months ended 30 June						
Insurance revenue	450.6	479.5	930.1	407.6	446.5	854.1
Insurance service expenses	(346.0)	(446.1)	(792.1)	(182.3)	(289.9)	(472.2)
Insurance service result before reinsurance contracts held	104.6	33.4	138.0	225.3	156.6	381.9
Allocation of reinsurance premium	(80.2)	(123.4)	(203.6)	(82.3)	(131.4)	(213.7)
Amounts recoverable from reinsurers	56.0	165.3	221.3	9.0	45.6	54.6
Net income (expense) from reinsurance contracts held	(24.2)	41.9	17.7	(73.3)	(85.8)	(159.1)
Insurance service result	80.4	75.3	155.7	152.0	70.8	222.8
Finance expense from insurance contracts issued	(41.9)	(31.1)	(73.0)	(14.3)	(14.0)	(28.3)
Finance income from reinsurance contracts held	6.4	9.9	16.3	4.8	4.5	9.3
Net insurance financing result	(35.5)	(21.2)	(56.7)	(9.5)	(9.5)	(19.0)
Net investment return			108.2			75.2
Other operating expenses			(64.2)			(49.8)
Net other unallocated (expenses) and income			(24.4)			(15.6)
Profit before tax			118.6			213.6
Net insurance ratio	78.3%	78.9%	78.6%	53.3%	77.5%	65.2%
Net operating expense ratio			8.8%			7.8%
Combined ratio (discounted)			87.4%			73.0%
Discounting impact on combined ratio			10.4%			9.2%
Combined ratio (undiscounted)			97.8%			82.2%

Notes to the accounts *continued*

For the six months ended 30 June 2025

3. Net insurance financing result

IFRS 17 requires insurance contracts issued and reinsurance contracts held to be accounted for on a discounted basis. The table below shows where the total impact of discounting is recognised in the unaudited condensed interim consolidated statement of comprehensive income for the six months ended 30 June 2025 and 2024.

	Insurance contracts issued \$m	2025 Reinsurance contracts held \$m	Total \$m	2024		
				Insurance contracts issued \$m	Reinsurance contracts held \$m	Total \$m
For the six months ended 30 June						
Initial discount included in insurance service result	102.0	(26.3)	75.7	73.6	(14.6)	59.0
Unwind of discount	(50.3)	11.5	(38.8)	(47.1)	13.7	(33.4)
Impact of change in assumptions	(22.7)	4.8	(17.9)	18.8	(4.4)	14.4
Finance (expense) income	(73.0)	16.3	(56.7)	(28.3)	9.3	(19.0)
Total net discounting income (expense)	29.0	(10.0)	19.0	45.3	(5.3)	40.0

4. Net investment return

	2025 \$m	2024 \$m
For the six months ended 30 June		
Interest and dividend income on financial investments	69.1	57.0
Interest income on cash and cash equivalents	12.2	15.3
Net realised losses	(1.3)	(1.2)
Net unrealised gains	31.0	6.9
Investment income	111.0	78.0
Investment management fees	(2.8)	(2.8)
Total net investment return	108.2	75.2

Interest income on cash and cash equivalents within the table above includes \$7.6 million (30 June 2024 - \$7.2 million) of interest income on operating cash and cash equivalents. As at 30 June 2025 cash and cash equivalents includes managed cash and cash equivalents of \$270.1 million (31 December 2024 - \$294.4 million).

5. Expenses

	Other operating expenses \$m	2025 Directly attributable expenses \$m	Total expenses \$m	2024		
				Other operating expenses \$m	Directly attributable expenses \$m	Total expenses \$m
For the six months ended 30 June						
Employee remuneration costs	42.1	35.8	77.9	28.8	30.7	59.5
Operating expenses	22.1	23.4	45.5	21.0	21.1	42.1
Total	64.2	59.2	123.4	49.8	51.8	101.6

Directly attributable expenses comprise fixed and variable expenses incurred by the Group in the reporting period that relate directly to fulfilling insurance contracts issued, and have been allocated to insurance service expenses within the consolidated statement of comprehensive income.

Notes to the accounts *continued*

For the six months ended 30 June 2025

6. Tax

	2025 \$m	2024 \$m
For the six months ended 30 June		
Corporation tax charge for the period	9.1	7.3
Deferred tax charge for the period	0.3	5.0
Adjustment in respect of prior period deferred tax	—	0.5
Total tax charge	9.4	12.8
	2025 \$m	2024 \$m
Tax reconciliation¹		
Profit before tax	118.6	213.6
Tax calculated at the standard corporation tax rate applicable in Bermuda of 15% (2024: 0%)	17.8	—
Effect of income taxed at a higher rate	3.2	12.3
Effect of income tax at a lower rate for Bermuda entities currently out of scope	(12.4)	—
Adjustments in respect of prior period	—	0.5
Differences related to equity based compensation	—	0.5
Other expense permanent differences	0.8	(0.5)
Total tax charge	9.4	12.8

1. All tax reconciling balances have been classified as recurring items.

The total tax charge as a percentage of the Group's profit before tax is 7.9% (30 June 2024 – 6.0%). The subsidiaries of LHL are subject to enacted tax laws in the jurisdictions in which they are incorporated and domiciled. Refer to note 9 for discussion on OECD Global minimum tax and Bermuda corporate income tax.

7. Investments

As at	30 June 2025				31 December 2024			
	Cost \$m	Unrealised gains \$m	Unrealised losses \$m	Fair value \$m	Cost \$m	Unrealised gains \$m	Unrealised losses \$m	Fair value \$m
Fixed maturity securities	2,694.6	39.1	(21.5)	2,712.2	2,626.6	20.0	(42.8)	2,603.8
Private investment funds	277.0	18.8	(20.1)	275.7	259.0	10.4	(16.3)	253.1
Hedge funds	5.8	—	(0.1)	5.7	5.8	2.1	—	7.9
Other Investments	—	—	(0.1)	(0.1)	—	0.1	—	0.1
Total investments	2,977.4	57.9	(41.8)	2,993.5	2,891.4	32.6	(59.1)	2,864.9

The Group determines the fair value of each individual security utilising the highest-level inputs of the fair value hierarchy, as defined below. The fair value of fixed maturity investments is determined from quotations received from third-party recognised pricing services. The Group receives independent assurance reports to assess the design and operating effectiveness of controls over these processes. The fair value of private investment funds is estimated based on the most recently available NAV as advised by the external fund manager or third-party administrator.

The pricing sources use bid prices where available, otherwise indicative prices are quoted based on observable market trade data. The prices provided are compared to the investment managers' own pricing.

The valuation of fixed maturity investments is estimated in accordance with the fair value hierarchy. The Group has not made any adjustments to the pricing provided by its third-party investments managers in the six months ended 30 June 2025.

The fair values of securities within the Group's investment portfolio are estimated using the following valuation techniques in accordance with the fair value hierarchy:

Level (i)

Level (i) investments are securities with quoted prices in active markets. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions, on an arm's length basis.

Level (ii)

Level (ii) investments are securities with quoted prices in active markets for similar assets or liabilities, or securities valued using other valuation techniques for which all significant inputs are based on observable market data. Instruments included in Level (ii) are valued through independent external sources using directly observable inputs to models or other valuation methods. The valuation methods used are typically of an industry-accepted standard and include broker-dealer quotes and pricing models, including present values and future cash flows, together with inputs such as yield curves, interest rates, prepayment profiles, and default rates.

Notes to the accounts *continued*

For the six months ended 30 June 2025

Level (iii)

Level (iii) investments are securities for which valuation techniques are not based on observable market data, and therefore require significant management judgement to determine an appropriate fair value. The Group determines securities classified as Level (iii) to include private investment funds, hedge funds and loans made by the Group's Lloyd's syndicate platforms to the Lloyd's central fund.

The fair value of the Group's private investment funds are determined using statements received from each fund's investment managers on either a monthly or quarterly in arrears basis. In addition, these valuations will be compared with benchmarks or other indices to assess the reasonableness of the estimated fair value of each fund. Given the Group's knowledge of the underlying investments and the size of the Group's investment therein, the Group would not anticipate any material variance between the statements and the final actual NAVs reported by the investment managers.

The fair values of the Group's hedge funds are determined using a combination of the most recent NAVs, provided by each fund's independent administrator, and the estimated performance provided by each hedge fund manager. Independent administrators provide monthly reported NAVs with up to a one-month delay in valuation. The most recent NAV available for each hedge fund is adjusted for the estimated performance, as provided by the fund manager, between the NAV date and the reporting date. Historically, estimated fair values incorporating these performance estimates have not been significantly different from subsequent NAVs. Given the Group's knowledge of the underlying investments, and the size of the Group's investment therein, we would not anticipate any material variance between estimated valuations and the final NAVs reported by the administrators.

The Group determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing the categorisation at the end of each reporting period. Transfers between Level (i) to Level (ii) securities amounted to \$18.9 million and transfers from Level (ii) to Level (i) securities amounted to \$76.6 million during the six months ended 30 June 2025.

The fair value hierarchy of the Group's investment holdings is as follows:

As at	30 June 2025				31 December 2024			
	Level (i) \$m	Level (ii) \$m	Level (iii) \$m	Total \$m	Level (i) \$m	Level (ii) \$m	Level (iii) \$m	Total \$m
Short-term investments	45.6	11.5	—	57.1	27.9	4.6	—	32.5
Fixed maturity funds	4.0	23.1	—	27.1	3.8	19.3	—	23.1
US treasuries	375.6	—	—	375.6	509.9	—	—	509.9
Other government bonds	55.2	61.7	—	116.9	19.6	45.7	—	65.3
US municipal bonds	4.7	6.5	—	11.2	3.7	12.1	—	15.8
US government agency debt	4.0	—	—	4.0	7.2	10.0	—	17.2
Asset backed securities	12.4	288.5	—	300.9	8.5	263.2	—	271.7
US government agency MBS	189.1	173.7	—	362.8	122.1	204.4	—	326.5
Non-agency MBS	2.2	72.9	—	75.1	—	55.5	—	55.5
Non-agency commercial MBS	12.9	46.4	—	59.3	—	20.5	—	20.5
Bank loans	—	162.5	—	162.5	—	153.4	—	153.4
Corporate bonds	1,082.8	73.1	—	1,155.9	1,012.6	95.4	—	1,108.0
Other fixed maturities	—	2.2	1.6	3.8	—	2.3	2.1	4.4
Total fixed maturity securities	1,788.5	922.1	1.6	2,712.2	1,715.3	886.4	2.1	2,603.8
Private investment funds	—	—	275.7	275.7	—	—	253.1	253.1
Hedge funds	—	—	5.7	5.7	—	—	7.9	7.9
Other investments	—	(0.1)	—	(0.1)	—	0.1	—	0.1
Total investments	1,788.5	922.0	283.0	2,993.5	1,715.3	886.5	263.1	2,864.9

Notes to the accounts *continued*

For the six months ended 30 June 2025

The table below analyses the movements in investments classified as Level (iii) investments:

	Private investment funds \$m	Hedge funds \$m	Other fixed maturities ¹ \$m	Total \$m
As at 31 December 2024	253.1	7.9	2.1	263.1
Purchases and capital contributions	26.9	—	—	26.9
Sales and return of capital	(8.9)	—	—	(8.9)
Net unrealised (losses) recognised in profit or loss	(1.1)	(2.2)	(0.5)	(3.8)
Net unrealised foreign exchange gains recognised in profit or loss	5.7	—	—	5.7
As at 30 June 2025	275.7	5.7	1.6	283.0

1. Included within other fixed maturities are central fund loans classified at Level (iii) within the fair value hierarchy.

Apart from the purchases and sales shown in the table above, there have been no other transfers into or out of the Level (iii) investments during the current period or the prior period.

Included within net unrealised losses recognised in profit or loss within the table above are net unrealised gains (losses) related to Level (iii) investments still held as at 30 June 2025 of \$3.9 million.

8. Insurance and reinsurance contracts

The table below shows how the net carrying amounts of insurance contracts issued changed during the six months ended 30 June 2025.

	Liability for remaining coverage			Total \$m
	Including loss component \$m	Estimates of the present value of future cash flows \$m	Risk adjustment \$m	
Net insurance contract liabilities (assets) as at 31 December 2024	62.7	1,914.2	323.5	2,300.4
Insurance revenue	(930.1)	—	—	(930.1)
Insurance service expenses				
• Incurred claims and other insurance service expenses	17.3	700.4	71.5	789.2
• Changes in liability for incurred claims	—	(42.1)	(63.9)	(106.0)
• Amortisation of insurance acquisition cash flows	108.9	—	—	108.9
Insurance service result before reinsurance contracts held	(803.9)	658.3	7.6	(138.0)
Finance expense from insurance contracts issued	—	62.0	11.0	73.0
Effects of movements in exchange rates	15.6	33.1	3.6	52.3
Total changes in comprehensive income	(788.3)	753.4	22.2	(12.7)
Investment components	(26.5)	26.5	—	—
Other ¹	0.1	21.5	2.6	24.2
Other changes	(26.4)	48.0	2.6	24.2
Premiums received net of insurance acquisition cash flows	773.7	—	—	773.7
Claims and other expenses paid	—	(623.9)	—	(623.9)
Total cash flows	773.7	(623.9)	—	149.8
Net insurance contract liabilities (assets) as at 30 June 2025	21.7	2,091.7	348.3	2,461.7

1. Other includes the effect of the 2022 and prior underwriting years of account losses and loss adjustment expenses, and reinsurance recoveries, being reinsured to close into the 2023 underwriting year of account, to the extent where the Group's syndicate participation has changed between those years of account.

The liability for remaining coverage as at 30 June 2025 includes an onerous loss component of \$20.8 million (31 December 2024 - \$3.3 million).

Notes to the accounts *continued*

For the six months ended 30 June 2025

The table below shows how the net carrying amounts of reinsurance contracts held changed during the six months ended 30 June 2025.

	Liability for remaining coverage	Liability for incurred claims		Total \$m
	Including loss component \$m	Estimates of the present value of future cash flows \$m	Risk adjustment \$m	
Net reinsurance contract (assets) liabilities as at 31 December 2024	51.3	(541.8)	(66.7)	(557.2)
Allocation of reinsurance premium paid	203.6	—	—	203.6
Amounts recoverable from reinsurers				
• Recoveries of incurred claims and other insurance service expenses	—	(146.8)	(13.3)	(160.1)
• Change in assets for incurred claims in relation to past service	—	(59.8)	13.4	(46.4)
• Reinsurance expenses	(9.0)	—	—	(9.0)
• Recoveries and reversals of recoveries of losses on onerous underlying contracts	(6.8)	—	—	(6.8)
• Effect of changes in non-performing risk of reinsurers	—	1.0	—	1.0
Net expenses from reinsurance contracts held	187.8	(205.6)	0.1	(17.7)
Finance income from reinsurance contracts held	—	(14.3)	(2.0)	(16.3)
Effects of movements in exchange rates	(15.3)	(5.2)	(0.8)	(21.3)
Total changes in comprehensive income	172.5	(225.1)	(2.7)	(55.3)
Other ¹	(0.1)	(12.5)	(0.6)	(13.2)
Other changes	(0.1)	(12.5)	(0.6)	(13.2)
Reinsurance premiums paid net of ceding commissions and other directly attributable expenses	(211.4)	—	—	(211.4)
Recoveries from reinsurance	—	216.3	—	216.3
Total cash flows	(211.4)	216.3	—	4.9
Net reinsurance contract (assets) liabilities as at 30 June 2025	12.3	(563.1)	(70.0)	(620.8)

1. Other includes the effect of the 2022 and prior underwriting years of account losses and loss adjustment expenses, and reinsurance recoveries, being reinsured to close into the 2023 underwriting year of account, to the extent where the Group's syndicate participation has changed between those years of account.

The asset for remaining coverage as at 30 June 2025 includes an onerous loss component of \$8.3 million (31 December 2024 - \$1.4 million).

Loss environment

During the first six months of 2025, the Group experienced net losses (undiscounted, excluding reinstatement premiums) from catastrophe, weather and large loss events totalling \$211.2 million. Catastrophe and weather losses were \$172.0 million. California wildfires represent the majority of this figure and our estimate of losses resulting from this event remains unchanged. During the first six months of 2025, the Group also experienced net losses (undiscounted, excluding reinstatement premiums) from large risk events totalling \$39.2 million. None of the large risk event losses were individually material for the Group.

Favourable prior accident year loss development for the undiscounted net movement in loss reserves was \$109.1 million during the first six months of 2025. This was primarily due to general IBNR, catastrophe and large loss reserve releases on the 2024, 2023 and 2021 accident years.

The estimation of the ultimate loss and loss adjustment expense liability is a complex process which incorporates a significant amount of judgement. It is reasonably possible that uncertainties inherent in the reserving process, delays in insureds or ceding companies reporting losses to the Group, together with the potential for unforeseen adverse developments, could lead to a material change in estimated losses and loss adjustment expenses.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The Group estimates that fulfilment cash flows within the net of reinsurance LIC (including the risk adjustment for non-financial risks) corresponds to a confidence level of 85% as at 30 June 2025 (31 December 2024 - 86%) on an ultimate time horizon.

Notes to the accounts *continued*

For the six months ended 30 June 2025

Discounting approach

The table below sets out the one, three, five and seven year yield curves (risk-free rate plus illiquidity premium) used to discount the cash flows of insurance contracts issued and reinsurance contracts held for the Group's major currencies:

	30 June 2025				31 December 2024				30 June 2024			
	1 year	3 years	5 years	7 years	1 year	3 year	5 year	7 year	1 year	3 year	5 year	7 year
USD	4.47%	4.22%	4.37%	4.55%	4.78%	4.88%	4.98%	5.07%	5.62%	4.99%	4.85%	4.87%
GBP	4.40%	4.42%	4.60%	4.81%	5.06%	4.98%	4.97%	5.03%	5.47%	4.93%	4.75%	4.76%
EUR	2.60%	2.92%	3.22%	3.44%	2.93%	3.02%	3.18%	3.31%	4.11%	3.71%	3.65%	3.72%
CAD	3.11%	3.35%	3.58%	3.81%	3.48%	3.54%	3.68%	3.84%	4.99%	4.38%	4.24%	4.29%
JPY	1.21%	1.63%	1.84%	2.03%	1.12%	1.52%	1.71%	1.88%	0.85%	1.20%	1.46%	1.72%
ZAR	7.85%	8.02%	8.52%	9.17%	8.25%	8.44%	8.97%	9.63%	8.85%	8.76%	9.31%	10.02%
AUD	3.86%	4.14%	4.57%	4.90%	4.65%	4.74%	5.03%	5.26%	5.14%	5.08%	5.25%	5.43%

9. Provision for deferred tax

	30 June 2025	31 December 2024
As at	\$m	\$m
Equity based compensation	(11.7)	(11.1)
Syndicate underwriting profits	12.5	11.8
Syndicate participation rights	18.8	18.8
Other temporary differences	2.9	2.8
Net deferred tax liability	22.5	22.3

Deferred tax assets are recognised to the extent that realising the related tax benefit through future taxable profits is probable. It is anticipated that sufficient taxable profits will be available within the Group in 2025 and subsequent years to utilise the deferred tax assets recognised when the underlying temporary differences reverse, and the tax losses carried forward.

For the six months ended 30 June 2025 and the year ended 31 December 2024, the Group had no material uncertain tax positions. The table below reconciles the movements within the net deferred tax liability. All deferred tax assets and liabilities are classified as non-current.

	30 June 2025	31 December 2024
As at	\$m	\$m
Opening net deferred tax liability	22.3	16.2
Deferred tax charge for the period	0.3	5.8
Adjustment in respect of prior period deferred tax	—	1.1
Deferred tax in equity	(0.1)	(0.8)
Closing net deferred tax liability	22.5	22.3

OECD Global minimum tax and Bermuda corporate income tax

Subsidiary companies in a number of jurisdictions in which the Group operates are subject to a global minimum tax of 15% from 1 January 2024. The legislation brings into effect the Income Inclusion Rule and Qualified Domestic Minimum Top-up Tax, although these have not had any impact on the Group.

As a response to the Pillar Two reform, legislation was passed in Bermuda to implement a Bermuda Corporate Income Tax of 15% from 1 January 2025. To the extent the Bermuda CIT results in an effective tax rate of less than 15%, the shortfall in tax will be collected by applying the Pillar Two undertaxed payments rule, which was implemented on 1 January 2025. Any shortfall in tax will be collected in a jurisdiction that has implemented the undertaxed payments rule and in which the Group has operating subsidiaries. For Lancashire this is likely to be the UK; however, based on its limited international presence and provided it continues to meet the relevant conditions, Lancashire expects to benefit from exclusion from the undertaxed payment rule for a period of five years, from 2025 to 2029.

The Group is also not expected to become subject to Bermuda CIT until 1 January 2030, provided it continues to meet the relevant conditions within the Bermuda CIT rules which allows groups with a limited international presence to be excluded from scope for a period of up to five years.

The Lancashire Group has not established any deferred tax assets under the ETA rules of the Bermuda CIT Act and expects to opt out of the ETA rules.

Notes to the accounts *continued*
For the six months ended 30 June 2025

10. Share capital and other reserves

Authorised common shares of \$0.50 each	Number	\$m
As at 30 June 2025 and 31 December 2024	3,000,000,000	1,500.0
Allocated, called up and fully paid common shares of \$0.50 each	Number	\$m
As at 30 June 2025 and 31 December 2024	244,010,007	122.0
Own shares held in Trust	Total number of own shares	\$m
As at 31 December 2024	3,425,212	20.5
Shares distributed	(1,423,555)	(8.5)
As at 30 June 2025	2,001,657	12.0

The number of common shares in issue with voting rights (allocated share capital, less any shares held in treasury or pursuant to a custody arrangement) as at 30 June 2025 was 244,010,007 (31 December 2024 – 244,010,007). As at 30 June 2025 there were no shares held in treasury (31 December 2024 – none). Common shares in issue (other than shares held in treasury) carry voting rights which rank pari passu, and the same rights to receive any dividends and other distributions declared, made or paid by the Company. During the six months ended 30 June 2025, no shares were repurchased by the Company under the Repurchase Programme.

Dividends

The Board of Directors has authorised the following dividends:

Type	Per share amount	Record date	Payment date	\$m
Special	\$0.50	15 Mar 2024	12 Apr 2024	119.9
Final	\$0.15	10 May 2024	7 Jun 2024	36.0
Interim	\$0.075	16 Aug 2024	13 Sep 2024	18.0
Special	\$0.75	15 Nov 2024	13 Dec 2024	180.3
Special	\$0.25	14 Mar 2025	11 Apr 2025	60.2
Final	\$0.15	16 May 2025	13 Jun 2025	36.3

11. Commitments and contingencies

Credit facility funds

As at 30 June 2025, the Group has a commitment of \$50.0 million (31 December 2024 – \$50.0 million) relating to one credit facility fund.

Private investment funds

The table below shows the dates on which the Group committed to invest in different private investment funds and the amount of the total commitment that remains undrawn as at 30 June 2025.

Amount and date of commitment to invest in private investment fund	Undrawn commitment \$m
GBP 50 million on 20 November 2024	33.6
USD 50 million on 31 July 2024	25.8
Euro 40 million on 11 January 2024	20.4
USD 34 million on 28 July 2021	8.5
USD 25 million on 9 December 2020	0.5
USD 25 million on 5 November 2019	1.0
Total	89.8

Capacity offer

On 26 June 2025, Lancashire's corporate member at Lloyd's (Cathedral Capital (1998) Limited ("CC98")), which provides 79.7% of the syndicate allocated capacity of syndicate 2010 for the 2025 year of account, made a formal offer (the "Offer") to all other members of that syndicate to acquire their prospective participations relating to syndicate 2010 for the 2026 year of account for a price of 62p in cash per £1 of capacity. The Offer was made to fulfil an obligation pursuant to Lloyd's Mandatory Offer Byelaw. The Offer closed on 25 July 2025 and acceptances had been received such that CC98 now has 99.4% of allocated capacity on syndicate 2010 for the 2026 year of account. An application has been made to the Council of Lloyd's for permission to effect a minority buy-out in respect of the remaining capacity on syndicate 2010 not already owned by CC98.

Notes to the accounts *continued*

For the six months ended 30 June 2025

Legal proceedings and regulations

The Group operates in the insurance industry and is therefore, from time to time, subject to legal proceedings in the normal course of business. While it is not practicable to estimate or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on the Group's results and financial position.

12. Earnings per share

The table below shows the profit and share data used in the basic and diluted earnings per share computations:

For the six months ended 30 June	2025 \$m	2024 \$m
Profit after tax	109.2	200.8
For the six months ended 30 June	2025 Number of shares	2024 Number of shares
Basic weighted average number of shares	241,307,308	239,574,711
Dilutive effect of RSS	7,012,513	5,782,557
Diluted weighted average number of shares	248,319,821	245,357,268
Earnings per share for the six months ended 30 June	2025	2024
Basic	\$0.45	\$0.84
Diluted	\$0.44	\$0.82

Equity based compensation awards are only treated as dilutive when their conversion to common shares would decrease earnings per share, or increase loss per share, from continuing operations. Unvested restricted shares without performance criteria are therefore included in the number of potentially dilutive shares. Incremental shares from ordinary restricted share options, where relevant performance criteria have not been met, are not included in the calculation of dilutive shares.

13. Related party disclosures

Key management compensation

Remuneration for key management, the Group's Executive and Non-Executive Directors, was as follows:

For the six months ended 30 June	2025 \$m	2024 \$m
Short-term compensation	2.9	2.7
Equity based compensation	3.8	2.3
Directors' fees and expenses	1.4	1.3
Total	8.1	6.3

Non-Executive Directors do not receive any benefits in addition to their agreed fees and expenses and do not participate in any of the Group's incentive, performance or pension plans.

14. Subsequent events

Dividend

On 5 August 2025, 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 \$18.0 million. The dividend will be paid in Pounds Sterling on 15 September 2025 to shareholders of record on 15 August 2025 (the "Record Date") using the £ / \$ spot market exchange rate at 12 noon BST time on the Record Date. An amount equivalent to the dividend accrues on all RSS options and is paid at the time of exercise, pro-rata according to the number of RSS options that vest.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge, that the unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 as adopted by the UK and the interim management report herein includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, being:

- an indication of important events during the first six months of 2025 and their impact on the unaudited condensed interim consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
- related party transactions that have taken place in the first six months of 2025 and that have materially affected the unaudited condensed interim consolidated financial position or performance of the Group during that period, and any changes in the related party transactions described in the last Annual Report and Accounts that could have such a material effect.

The Directors also confirm that they consider it appropriate to adopt the going concern basis of accounting in preparing these unaudited condensed interim consolidated financial statements. The Directors of the Company are listed on pages 63 to 67 of the Group's 2024 Annual Report and Accounts, except that since its publication:

- Robert Lusardi and Michael Dawson have stepped down from their roles as Non-Executive Directors of the Company following the Company's AGM on 30 April 2025.
- Irene McDermott Brown was appointed as a Senior Independent Director to the Board of Directors with effect from 30 April 2025, Irene has been a Non-Executive Director since 28 April 2021.

The individuals responsible for authorising this responsibility statement on behalf of the Board on 5 August 2025 are:



Philip Broadley
Director/Chair



Natalie Kershaw
Director/CFO

Independent review report to Lancashire Holdings Limited

Conclusion

We have been engaged by Lancashire Holdings Limited ("the Company") to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2025 which comprises the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of financial position, the condensed interim consolidated statement of changes in shareholders' equity, the condensed interim statement of consolidated cash flows, the risk and other disclosures and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The latest annual consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards as adopted by the EU. The next annual financial statements will be prepared in accordance with UK-adopted international accounting standards.

The Directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of consolidated financial statements, the Directors are responsible for assessing the Group'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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.



Salim Tharani

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square, London, E14 5GL

5 August 2025

Glossary

This glossary covers all defined terms used within the LHL Annual Report and Accounts, and the LHL unaudited condensed interim consolidated financial statements.

Active Underwriter

The individual at a Lloyd's syndicate with principal authority to accept insurance and reinsurance risk on behalf of the syndicate

Aggregate

Accumulations of insurance loss exposures which result from underwriting multiple risks that are exposed to common causes of loss

AGM

Annual General Meeting

AI

Artificial intelligence

AIC

Asset for incurred claims

AIM

A sub-market of the LSE

A.M. Best Company (A.M. Best)

A.M. Best is a full-service credit rating organisation dedicated to serving the financial services industry, focusing on the insurance sector

APMs

Alternative performance measures

ARC

Asset for remaining coverage

BMA

Bermuda Monetary Authority

Board of Directors; Board

Unless otherwise stated refers to the LHL Board of Directors

BREEAM

Building Research Establishment Environmental Assessment Method

BSCR

Bermuda Solvency Capital Requirement

BSX

Bermuda Stock Exchange

CCHL

Cathedral Capital Holdings Limited

CCF

Corporate carbon footprint

CCL

Cathedral Capital Limited

CCL 1998

Cathedral Capital (1998) Limited

CCL 1999

Cathedral Capital (1999) Limited

Ceded

To transfer insurance risk from a direct insurer to a reinsurer and/or from a reinsurer to a retrocessionaire

CEO

Chief Executive Officer

CFO

Chief Financial Officer

CGU

Cash generating unit

Change in DBVS

The IRR of the change in DBVS in the period plus accrued dividends

CIO

Chief Investment Officer

CIT

Corporate income tax

The Code

UK Corporate Governance Code published by the UK FRC at www.frc.org.uk

Combined ratio (discounted)

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

Combined ratio (undiscounted)

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

Consolidated financial statements

Includes the independent auditor's report, Consolidated primary statements, accounting policies, risk disclosures and related notes

Glossary *continued***Consolidated primary statements**

Includes the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows

COO

Chief Operating Officer

CRO

Chief Risk Officer

CUL

Cathedral Underwriting Limited

CUO

Chief Underwriting Officer

Delegated authorities

Arrangements under which a managing agent or (re)insurer delegates its authority to another to enter into contracts of insurance on its behalf

D&F

Direct and facultative (re)insurance

Diluted book value per share (DBVS)

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

Diluted earnings per share

Calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of common shares outstanding during the year, plus the weighted average number of common shares that would be issued on the conversion of all potentially dilutive equity-based compensation awards into common shares under the treasury stock method

Directors' fees and expenses

Unless otherwise stated, includes fees and expenses of all Directors across the Group

Duration

Duration is the weighted average maturity of a security's cash flows, where the present values of the cash flows serve as the weights. The effect of the convexity, or sensitivity, of the portfolio's response to changes in interest rates is also factored into the calculation

EAP

Employee Assistance Programme

Earnings per share (EPS)

Calculated by dividing net profit for the year attributable to shareholders by the weighted average number of common shares outstanding during the year, excluding treasury shares and shares held by the EBT

EBT

Lancashire Holdings Employee Benefit Trust

ECA

Economic Capital Assessment

ECL

Expected credit losses

ERM

Enterprise Risk Management

ESG

Environmental, Social and Governance

ETA

Economic Transition Adjustment, under the Bermuda Corporate Income Tax (CIT) regime

EU

European Union

Excess of loss

Reinsurance or insurance that indemnifies the reinsured or insured against all or a specified portion of losses on an underlying insurance policy in excess of a specified amount

Facultative reinsurance

A reinsurance risk that is placed by means of a separately negotiated contract as opposed to one that is ceded under a reinsurance treaty

FAL

Funds at Lloyd's

FCA

Financial Conduct Authority

FCF

Fulfilment cash flows

FRC

Financial Reporting Council

FSMA

The Financial Services and Markets Act 2000 (as amended from time to time)

FTC

Fixed-term contract

FTE

Full-time employee

FVOCI

Fair value through other comprehensive income

FVTPL

Fair value through profit or loss

G10

Belgium, Canada, Germany, France, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States

Glossary *continued***GAAP**

Generally accepted accounting principles

GDPR

General Data Protection Regulation

GHG

Greenhouse gas emissions, covers carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), nitrogen trifluoride (NF₃) and sulphur hexafluoride (SF₆)

GHG Protocol

Greenhouse Gas Protocol Corporate Accounting and Reporting Standard

GloBE Rules

The Global Anti-Base Erosion Rules

GMM

General Measurement Model

The Group or the Lancashire Group

LHL and its subsidiaries

GWP

Gross premiums written. Amounts payable by the insured, including any brokerage and commission deducted by intermediaries, and including inwards reinstatement premiums, but excluding any taxes or duties levied on the premium

IFRS

International Financial Reporting Standard(s)

IFRS 9

International Financial Reporting Standard on Financial Instruments: Classification and Measurement

IFRS 17

International Financial Reporting Standard on Insurance Contracts

ILS

Insurance Linked Securities

Incurred but not reported (IBNR)

These are anticipated or likely losses that may result from insured events which have taken place, but for which no losses have yet been reported. IBNR also includes a reserve for possible adverse development of previously reported losses

Industry loss warranty (ILW)

A type of reinsurance or derivative contract through which one party will purchase protection based on the total loss arising from an event to the entire insurance industry rather than their own losses

Internal Audit Charter

A formal written document that sets out the mission, scope, responsibilities, authority, professional standards and the relationship with the external auditors and regulatory bodies of the internal audit function with the Company and its subsidiaries

International Accounting Standard(s)(IAS)

Standards, created by the IASB, for the preparation and presentation of financial statements

International Accounting Standards Board (IASB)

An international panel of accounting experts responsible for developing IAS and IFRS

IIR

Income Inclusion Rule, under the OECD Pillar Two reform

IRR

Internal rate of return

IRRC

Investment Risk and Return Committee

ISA

International Standards on Auditing (UK)

KHL

Kinesis Holdings I Limited

Kinesis

The Group's third-party capital management division encompassing LCM, LCMMSL and the management of KHL and KRL

KPI

Key performance indicator

KPMG LLP

KPMG LLP, a UK limited liability partnership

KRI

Key risk indicator

KRL (Kinesis Re)

Kinesis Reinsurance I Limited

Lancashire Foundation or Foundation

The Lancashire Foundation is a charity registered in England and Wales

Lancashire Insurance Companies

LICL and LUK

LAPL

Lancashire Australia Pty Limited

LCM

Lancashire Capital Management Limited

LCMMSL

LCM Marketing Services Limited, formerly known as KCM Marketing Services Limited

LHAPL

Lancashire Holdings Australia Pty Limited

Glossary *continued***LHL (The Company)**

Lancashire Holdings Limited

LHUS

Lancashire Insurance Holdings (US) LLC

LIC

Liability for incurred claims

LICL

Lancashire Insurance Company Limited

LICLIHL

LICL Investment Holdings Limited, previously known as Lancashire Blocker (Cayman) Limited

LIHL

Lancashire Insurance Holdings (UK) Limited

LIMSL

Lancashire Insurance Marketing Services Limited

LISL

Lancashire Insurance Services Limited

Listing Rules

The listing rules made by the FCA under part VI of FSMA (as amended from time to time)

Lloyd's

The Society of Lloyd's

LMSCL

Lancashire Management Services (Canada) Limited

LOC

Letter of credit

Losses

Demand by an insured for indemnity under an insurance contract

LRC

Liability for remaining coverage

LSE

London Stock Exchange

LSL or Lancashire Syndicates

Lancashire Syndicates Limited, the managing agent of the syndicates

LUAPL

Lancashire Underwriting Australia Pty Limited

LUK or Lancashire UK

Lancashire Insurance Company (UK) Limited

LUS or Lancashire Insurance US

Lancashire Insurance (US) LLC

Managed cash

Managed cash includes both cash managed by external investment managers and non-operating cash managed internally

MBRT

Multi-beneficiary reinsurance trust

MBS

Mortgage backed securities

MGA

Managing General Agent

Moody's Investors Service (Moody's)

Moody's Corporation is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, and Moody's Analytics, which offers software, advisory services and research for credit and economic analysis, and financial risk management

MSCI

A provider of tools and services for the global investment community

NAIC

The National Association of Insurance Commissioners

Nameco

Nameco (No. 801) Limited

NAV

Net asset value

NDIC

Non-distinct investment component

Net insurance expense

Net insurance expenses represent claims-related insurance service expenses less amounts recoverables from reinsurers

Net insurance ratio

Ratio, in per cent, of net insurance expense to net insurance revenue

Net insurance revenue

Net insurance revenue represents insurance revenue less allocation of reinsurance premiums

OECD

Organisation for Economic Co-operation and Development

Official List

The official list of the FCA

Onerous contract

A contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it

Operating expense ratio

Ratio, in per cent, of other operating expenses, excluding equity-based compensation expense, to net insurance revenue

Glossary *continued***ORIF**

Outwards Reinsurance Forum

ORSA

Own Risk and Solvency Assessment

OTC

Over the counter

P&C

Property and casualty

PAA

Premium Allocation Approach

PIPA

Personal Information Protection Act

PML

Probable maximum loss. The Group's exposure to certain peak zone elemental losses

PRA

Prudential Regulation Authority

Pro-rata/proportional

Reinsurance or insurance where the reinsurer or insurer shares a proportional part of the original premiums and losses of the reinsured or insured

QBR

Quarterly Business Review

QDMTT

Qualified Domestic Minimum Top-up Tax, under the OECD Pillar Two reform

RCC

Risk and Compliance Committee

RDS

Realistic Disaster Scenarios

RFP

Request for proposal

Renewal Price Index (RPI)

The 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 assessment noted above. To enhance the RPI methodology, management may revise the methodology assumptions underlying the RPI, so that 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. RPIs are expressed as an approximate percentage of pricing achieved on similar contracts written in the corresponding year

Retrocession

The insurance of a reinsurance account

Risk Free Rate of Return (RFRoR)

Being the 13-week US Treasury bill rate, unless otherwise stated

RMF

Risk Management Framework

RoE

Return on Equity

RRC

Risk and Return Committee

RSC

Reinsurance Security Committee

RSS

Restricted share scheme

S&P Global Ratings (S&P)

S&P Global Ratings is a worldwide insurance rating and information agency whose ratings are recognised as a benchmark for assessing the financial strength of insurance-related organisations

SCR

Solvency Capital Requirement

SECR

Streamlined Energy and Carbon Reporting

SID

Senior Independent Director

Simple RoE

For the purpose of a remuneration metric, Simple RoE is profit after tax divided by average equity

Syndicate 2010

Lloyd's Syndicate 2010, managed by LSL

Glossary *continued*

Syndicate 3010

Lloyd's Syndicate 3010, managed by LSL

TCFD

Task Force on Climate-related Financial Disclosures

The syndicates

Syndicates 2010 and 3010

TOBA

Terms of business agreement

Total investment return

Total investment return measures investment income and net realised and unrealised gains and losses produced from the Group's managed investment and cash and cash equivalents portfolio. This excludes interest income on non-managed cash and cash equivalents, and includes foreign exchange.

Total shareholder return (TSR)

The increase/(decrease) in share price in the period, measured on a total return basis, which assumes the reinvestment of dividends (included at the ex-dividend date)

Treaty reinsurance

A reinsurance contract under which the reinsurer agrees to offer and to accept all risks of a certain size within a defined class

UK

United Kingdom

UNEP FI

The United Nations Environment Programme Finance Initiative

UNL

Ultimate net loss

UN PRI

UN-supported Principles for Responsible Investment

US

United States of America

uSCR

Ultimate Solvency Capital Requirement

US GAAP

Accounting principles generally accepted in the United States

UTPR

Undertaxed Profits Rule

UURC

The Underwriting and Underwriting Risk Committee, a Committee of the Board

Value at Risk (VaR)

A measure of the risk of loss of a specific portfolio of financial assets

Alternative performance measures

Alternative Performance Measures (APMs)

As is common practice within the insurance industry, the Group also utilises certain non-GAAP measures to evaluate, monitor and manage the business and to aid users' understanding of the Group. Management believes that APMs 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 use is described below. This information has not been audited.

All amounts, excluding share data, ratios, percentages, or where otherwise stated, are in millions of US 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	2025	2024
Insurance service expenses	792.1	472.2
Amounts recoverable from reinsurers	(221.3)	(54.6)
Net insurance expenses	570.8	417.6
Insurance revenue	930.1	854.1
Allocation of reinsurance premium	(203.6)	(213.7)
Net insurance revenue	726.5	640.4
Net insurance ratio	78.6%	65.2%

Operating expense ratio:

Ratio, in per cent, of other operating expenses, excluding equity-based compensation expense, to net insurance revenue.

For the six months ended 30 June	2025	2024
Other operating expenses	64.2	49.8
Net insurance revenue	726.5	640.4
Operating expense ratio	8.8%	7.8%

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	2025	2024
Net insurance ratio	78.6%	65.2%
Net operating expense ratio	8.8%	7.8%
Combined ratio (discounted)	87.4%	73.0%

Combined ratio (undiscounted) (KPI):

Ratio, in per cent, of the sum of net insurance expenses 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	2025	2024
Combined ratio (discounted)	87.4%	73.0%
Discount included in net insurance expenses	75.7	59.0
Net insurance revenue	726.5	640.4
Discounting impact on combined ratio	10.4%	9.2%
Combined ratio (undiscounted)	97.8%	82.2%

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

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

As at	30 June 2025	31 December 2024
Shareholders' equity attributable to the Group	1,513.9	1,493.3
Common voting shares outstanding*	242,008,350	240,584,795
Shares relating to dilutive restricted stock	7,095,276	6,877,762
Fully converted book value denominator	249,103,626	247,462,557
Diluted book value per share	\$6.08	\$6.03

*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 2025	31 December 2024
Opening DBVS	\$6.03	\$6.17
Q1 dividend per share	\$0.25	\$0.50
Q2 dividend per share	\$0.15	\$0.15
Q3 dividend per share	—	\$0.075
Q4 dividend per share	—	\$0.75
Closing DBVS	\$6.08	\$6.03
Change in DBVS	7.6%	23.4%

Alternative performance measures *continued***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 geometrically linked to provide a total return for the period, which includes the net impact of foreign exchange. The total investment return can be approximated by dividing the total net investment return, excluding interest on non-managed cash and cash equivalents, and including net foreign exchange gains and losses related to investments and 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	2025	2024
Net investment return	108.2	75.2
Less interest income on non-managed cash and cash equivalents	(7.6)	(7.2)
Net foreign exchange gains / (losses) related to investments and managed cash and cash equivalents	15.7	(1.1)
Net investment return adjusted for interest and foreign exchange	116.3	66.9
Average invested assets including managed cash and cash equivalents*	3,211.4	2,829.1
Approximate total investment return	3.6%	2.4%
Reported total investment return	3.7%	2.3%

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

Total shareholder return (KPI):

Determined using the simple method of calculating the increase/ (decrease) in the Group's share price, adjusted for dividends (included at the ex-dividend date) as recalculated below. This measurement basis will generally approximate the increase/ (decrease) in share price in the period measured on a total return basis, which assumes the reinvestment of dividends.

As at	30 June 2025	31 December 2024
Opening share price	\$8.25	\$7.96
Q1 dividend per share	\$0.25	\$0.50
Q2 dividend per share	\$0.15	\$0.15
Q2 closing share price	\$7.89	—
Q3 dividend per share	—	\$0.075
Q4 dividend per share	—	\$0.75
Q4 closing share price	—	\$8.25
Total shareholder return	0.4 %	22.1 %

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	2025	2024
Gross premiums written	1,356.2	1,282.2
Change in unearned premiums	(246.0)	(296.2)
Gross premiums earned	1,110.2	986.0
Adjust for reinstatement premiums	(41.2)	0.3
Less commission and non-distinct investment components	(138.9)	(132.2)
Total insurance revenue	930.1	854.1

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	2025	2024
Gross premiums written by the Group	1,356.2	1,282.2
LSL Syndicate 2010 - external Names portion of gross premiums written (unconsolidated)	53.5	75.7
Total gross premiums written under management	1,409.7	1,357.9

Note regarding forward-looking statements

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", "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 2024. IN ADDITION TO THOSE FACTORS CONTAINED IN THE GROUP'S 2024 ANNUAL REPORT AND ACCOUNTS, ANY FORWARD-LOOKING STATEMENTS CONTAINED IN THIS RELEASE MAY BE AFFECTED BY: THE IMPACT OF TRADE TARIFFS AND THE POSSIBILITY OF A CONTINUATION OR ESCALATION OF GLOBAL OR REGIONAL TRADE DISRUPTION ARISING THEREFROM AND THE CONSEQUENT ECONOMIC UNCERTAINTY WHICH MAY AFFECT (RE)INSURANCE DEMAND OR THE PERFORMANCE OF OUR INVESTMENT PORTFOLIO. 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.