

# Full Year 2020 Results

## Investor Presentation



PRIVATE & CONFIDENTIAL

STRATEGY | INNOVATION | EXPERTISE



A history of success  
A future of opportunity

A leading non-life global specialty insurance company

# WE ARE A UNIQUE SPECIALTY INSURANCE COMPANY



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Program Management and Legacy Insurance businesses are both well positioned to capitalise on favourable market conditions



# FY 2020 RESULTS

## Accelerated Growth for Group

Pre-Tax Operating Profit of £16m  
(102% increase over 2019)

Operating EPS of 5.9p  
(38% increase over 2019)

Fee Income of £19m  
(89% increase over 2019)

## Breakthrough for Program Management

18 new programs (48 total Programs)

Gross Written Premium of \$539m  
(46% increase over 2019)

Pre-Tax Operating Profit of \$3.4m  
(Profitable in just 4 years)

On track for Gross Written Premium of  
\$1.5b in 2023

## Record Year for Legacy Insurance

19 deals comprising £674m of assets and  
£500m of reserves

Pre-Tax Operating Profit of £38m  
(46% increase over 2019)

15% Operating Return on Tangible Equity  
(5-year average of 20%)

## Executed Key Strategic Initiatives

Strengthened leadership with key senior  
management appointments

Acquired 35% stake in strategic program  
MGA, Tradesman

Expanded footprint by launching US E&S  
Program Management carrier, and  
opening of branches in Italy and the UK

## Strengthened Capital Position

£173m (\$225m) of capital raised

Group Solvency Ratio of ~202%  
(Target > 150%)

Adjusted Debt/Cap of 28%  
(Target < 30%)

## New Progressive Dividend Policy

Announced new progressive dividend  
policy with 25 – 50% payout ratio

FY 2020 cash distribution of 4p per share

Intend to grow annual dividend from FY  
2020 amount

# GROUP RESULTS EXPERIENCED ACCELERATED GROWTH



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**Pre-Tax Operating Profit grew 102% and Operating EPS grew 38%; 4.0p per share distribution**

(£m, except where noted)	FY 2020	FY 2019	% Change
<b>Key Performance Indicators</b>			
Pre-Tax Operating Profit	16.0	8.0	102%
Operating EPS (p) <sup>3</sup>	5.9	4.3	38%
Tangible Net Asset Value	340.8	245.5	39%
Tangible Net Asset Value per Share (p) <sup>3</sup>	124.4	125.3	2% <sup>1</sup>
Fiscal Year DPS (p)	4.0	3.8 (cash) 6.1 (non-cash)	5% <sup>2</sup>
Distribution Payout Ratio	56%	93% <sup>2</sup>	NM
<b>IFRS</b>			
Profit Before Tax	30.2	38.1	(21%)
Profit Before Tax EPS (p) <sup>3</sup>	11.1	20.3	(45%)
Net Asset Value per Share (p) <sup>3</sup>	142.4	147.2	(1%) <sup>1</sup>

## Management Discussion & Analysis

- Pre-Tax Operating Profit of £16.0m, up 102%, driven by strong results in both Legacy Insurance and Program Management
- Profit Before Tax under IFRS of £30.2m, down 21%, driven by net intangibles associated with Legacy Insurance acquisitions in 2019
- Operating Earnings per Share of 5.9p, up 38%, which is partially impacted by the £81m equity capital raise in April 2020
- Cash distribution per share of 4.0p, implying a payout ratio of 56% of Pre-Tax Operating Profit; includes final distribution of 0.2p per share to be paid in June 2021 as a dividend

1. Includes 3.8p per share cash distribution paid in 2020

2. Excludes 2H 2019 distribution paid in bonus shares

3. On a fully diluted basis

Note: See End Notes in Financial Information section of the presentation for definitions

# CORE BUSINESS SEGMENTS PROFITABLE; FEE INCOME GREW 89%



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**Strong year-over-year results in Program Management and Legacy Insurance; Fee Income increased 89% and represents 17% of earnings**

(£m, except where noted)	FY 2020	FY 2019	% Change
Underwriting Income	78.3	63.5	23%
Fee Income	18.8	10.0	89%
Investment Income	16.2	12.4	30%
<b>Gross Operating Income</b>	<b>113.3</b>	<b>85.9</b>	<b>32%</b>
Underwriting Income	69%	74%	(5)pp
Fee Income	17%	12%	5pp
Investment Income	14%	14%	-
<b>Gross Operating Income</b>	<b>100%</b>	<b>100%</b>	<b>-</b>
Program Management (\$m)	3.4	(1.8)	NM
Program Management	2.6	(1.4)	NM
Legacy Insurance	38.1	26.1	46%
Corporate/Other	(24.7)	(16.7)	48%
<b>Pre-Tax Operating Profit</b>	<b>16.0</b>	<b>8.0</b>	<b>102%</b>

## Management Discussion & Analysis

### *Sources of Gross Operating Income by Type*

- Underwriting Income increased 23% due to strong results in Legacy Insurance
- Fee Income increased 89% due to growth in Program Fees and 35% ownership of Tradesman
- Investment Income increased 30% due to an increase in assets acquired in Legacy Insurance transactions

### *Sources of Pre-Tax Operating Profit by Segment*

- Program Management Pre-Tax Operating Profit of \$3.4m, up from a \$1.8m loss
- Legacy Insurance Pre-Tax Operating Profit of £38.1m, up 46%
- Corporate/Other Pre-Tax Operating Profit loss of £24.7m increased 48% due to senior management hires and higher interest expense associated with the £92m subordinated debt raise



# PROGRAM MANAGEMENT HAD A BREAKTHROUGH YEAR BECOMING PROFITABLE



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Program Management earned \$3.4m and was profitable; on path toward goal of \$1.5b of Gross Written Premium in 2023

(\$m)	FY 2020	FY 2019	% Change
Number of Programs	48	30	60%
Contracted Premium	1,281.2	841.9	52%
Gross Written Premium	538.9	368.9	46%
Underwriting Income	(3.0)	(3.6)	(14%)
Fee Income	24.1	12.8	89%
Investment Income	2.5	2.5	0%
<b>Gross Operating Income</b>	<b>23.7</b>	<b>11.8</b>	<b>101%</b>
Fixed Operating Expenses	(20.3)	(13.6)	49%
<b>Pre-Tax Operating Profit</b>	<b>3.4</b>	<b>(1.8)</b>	<b>NM</b>
Program Fee	4.5%	3.6%	0.9pp
Pre-Tax Operating Profit Margin	14.3%	(15.1%)	29.3pp

## Management Discussion & Analysis

- Gross Written Premium grew to a record of \$539m, a 46% increase, and Program Fees increased to 4.5%, up 90bps
- Underwriting Income on ~6% retained business generated a loss due to the purchase of stop-loss coverage for \$4.1m; anticipated to become profitable as the portfolio diversifies in 2021
- Fee Income up 89% due to higher Gross Written Premium, higher Program Fees and income from ownership in Tradesman
- Fixed Operating Expenses increased 49% due to expansion of staff
- Pre-Tax Operating Profit of \$3.4m vs a loss of \$1.8m in 2019; Pre-Tax Operating Profit Margin was 14.3%, beginning to show scale benefits
- 35% stake in Tradesman MGA effective in the third quarter; subsequently increased to 40% in April 2021 (FY 2020 EBITDA of \$13m)

# LEGACY INSURANCE HAD A RECORD YEAR



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Legacy Insurance has a 5-year average Operating Return on Tangible Equity of 20%

(£m)	FY 2020	FY 2019	% Change
Deals Completed	19	16	19%
Cash & Investments Acquired	673.7	351.0	92%
Net Reserves Acquired	499.6	276.0	81%
Underwriting Income	80.7	66.3	22%
Fee Income	0.0	0.0	NM
Investment Income	13.1	9.6	36%
<b>Gross Operating Income</b>	<b>93.7</b>	<b>75.9</b>	<b>24%</b>
Fixed Operating Expenses	(55.6)	(49.8)	12%
<b>Pre-Tax Operating Profit</b>	<b>38.1</b>	<b>26.1</b>	<b>46%</b>
Pre-Tax Operating Profit (after interest expense)	31.4	19.1	64%
Avg. Operating Tangible Equity	212.2	187.3	13%
Op. Return on Tangible Equity	14.8%	10.2%	4.6pp

## Management Discussion & Analysis

- Completed 19 deals, acquired assets of £674m and Net Reserves of £500m
- Underwriting Income up 22%
- Investment Income up 36% driven by acquired assets in Legacy Insurance transactions
- Fixed Operating Expenses increased 12%, primarily due to syndicate costs associated with Lloyd's transactions
- Pre-Tax Operating Profit of £38.1m, up 46%
- Operating Return on Average Tangible Equity of 14.8% (5-year average of 20.2%)



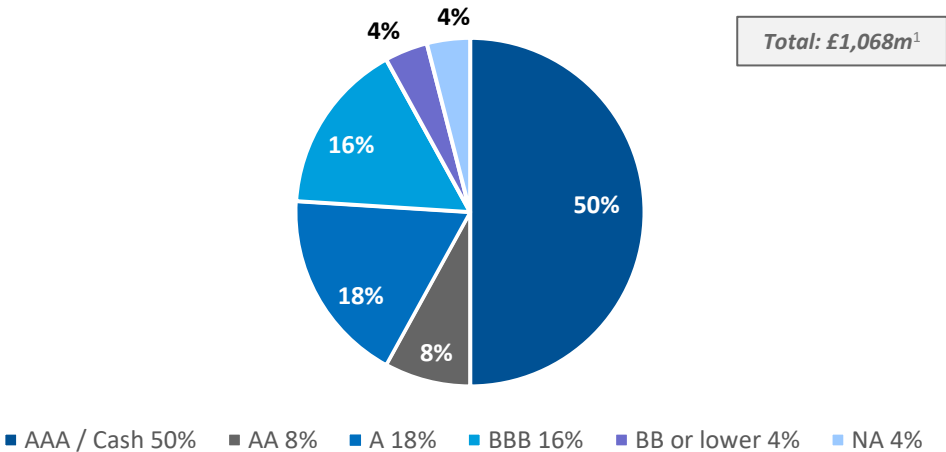
# INVESTMENT PORTFOLIO GREW 28% to £1,068m



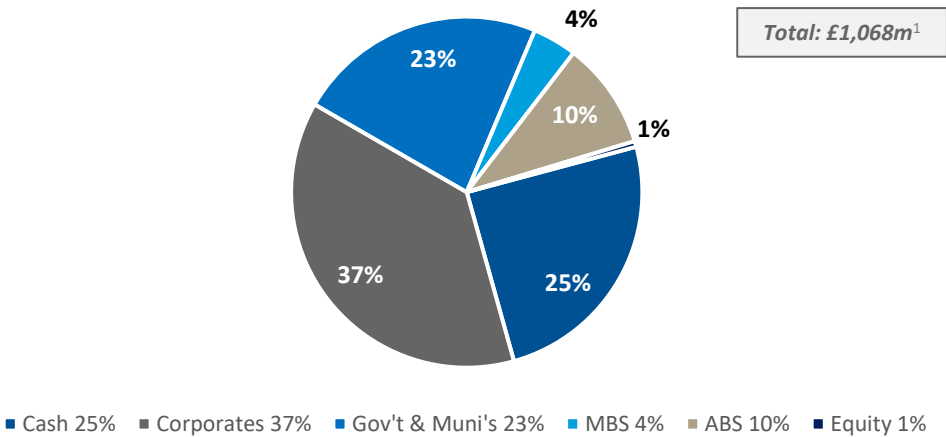
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Investment portfolio remained conservatively positioned and with short duration

Investment Portfolio By Credit Rating (YE 2020)



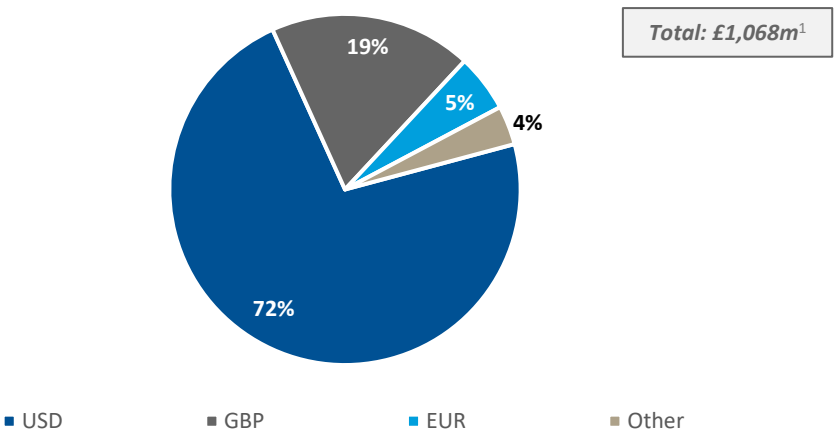
Investment Portfolio By Asset Class (YE 2020)



YE 2020 Results

- Continued focus on high quality, liquid fixed income with 96% investment grade, including non-rated money market funds
- Portfolio book return of 1.6% excluding realised and unrealised gains and losses, down from 2.0% due to the lower interest rate environment
- Duration remained short at 1.8 years

Investment Portfolio By Currency (YE 2020)



1. Excludes funds withheld and off-balance sheet trusts.  
Note: See End Notes in Financial Information section of the presentation for definitions

# BUSINESS SEGMENT HIGHLIGHTS

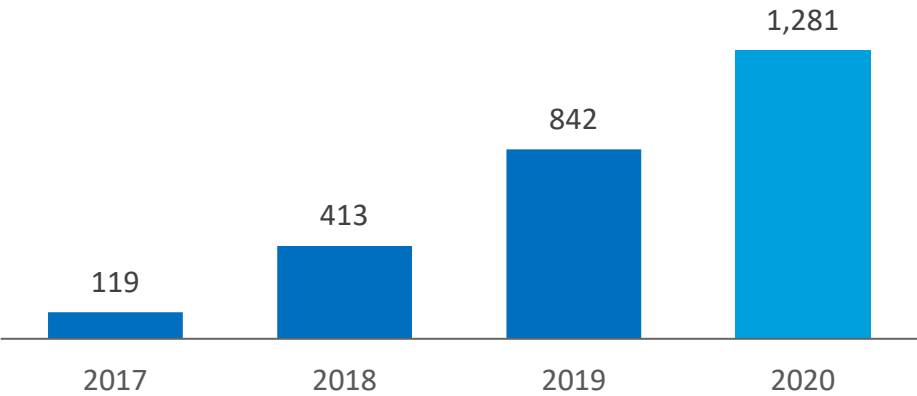
# PROGRAM MANAGEMENT IS GROWING AND PROFITABLE



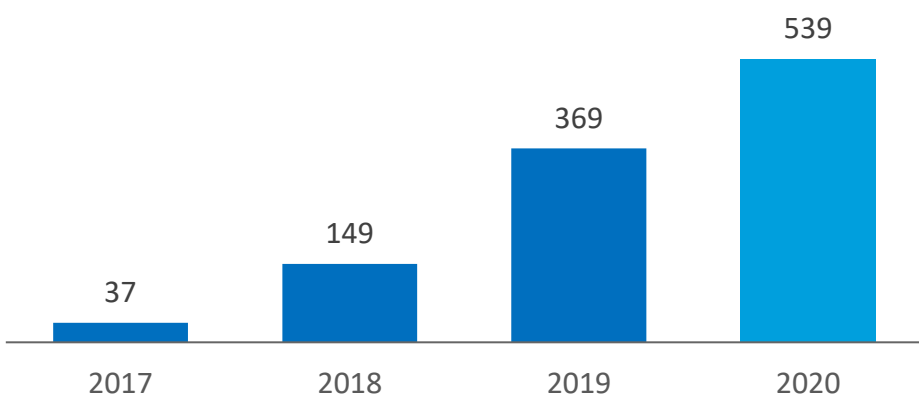
Premium and Fee Income are growing meaningfully; generated first Pre-Tax Operating Profit in 2020

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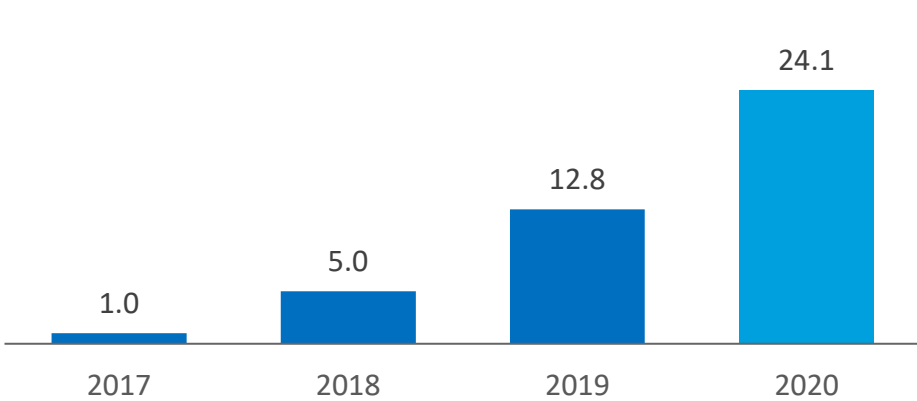
Contracted Premium At Period End (\$m)



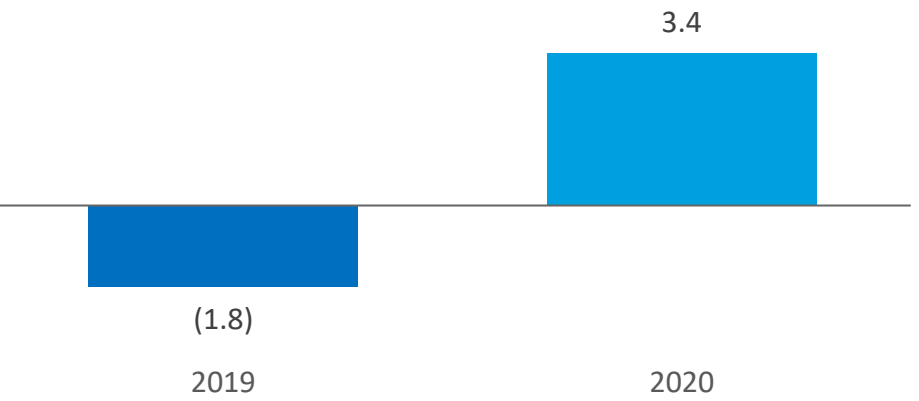
Gross Written Premium (\$m)



Fee Income (\$m)



Pre-Tax Operating Profit (\$m)



Note: See End Notes in Financial Information section of the presentation for definitions

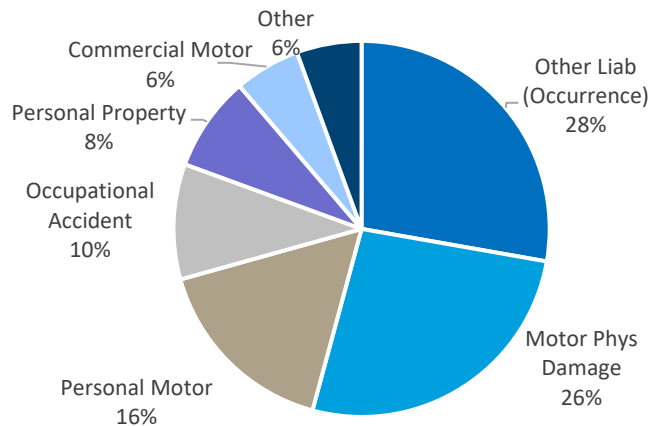
# PROGRAM MANAGEMENT IS WELL DIVERSIFIED



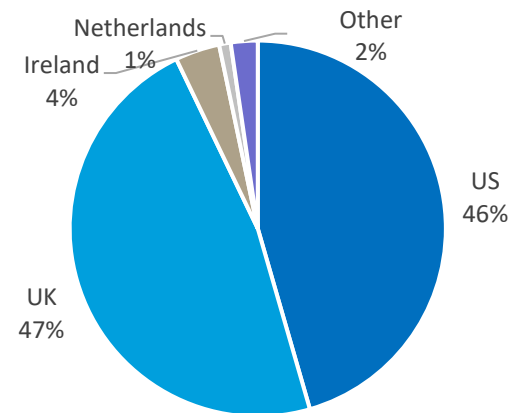
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Diversification reduces reliance on any one program, product type or region; risk exposure primarily to A-rated or better reinsurers

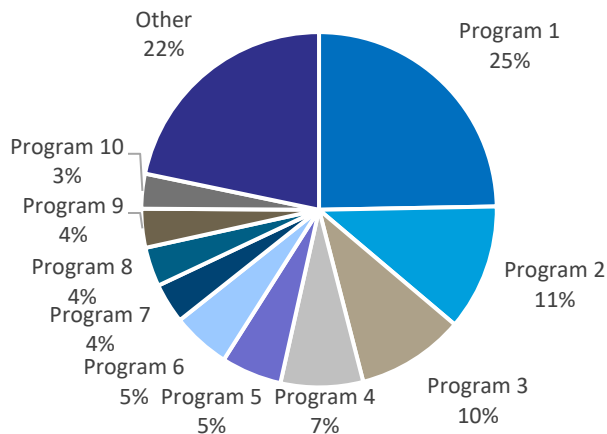
FY 2020 GPW by Product (\$539m)



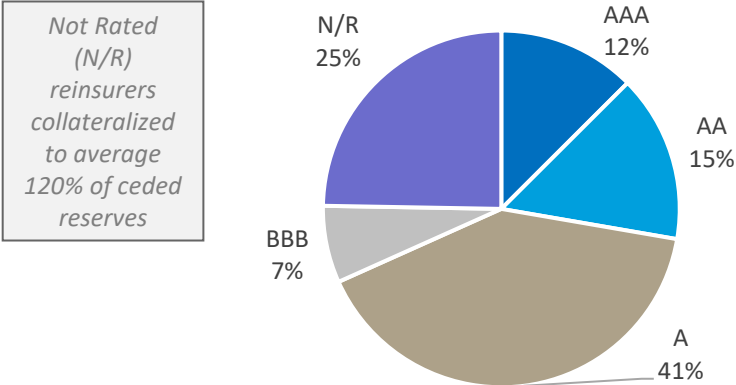
FY 2020 GPW by Region (\$539m)



FY 2020 GPW by Program (\$539m)



YE 2020 Recoverable by Reinsurer Rating (\$634m)



Not Rated (N/R) reinsurers collateralized to average 120% of ceded reserves

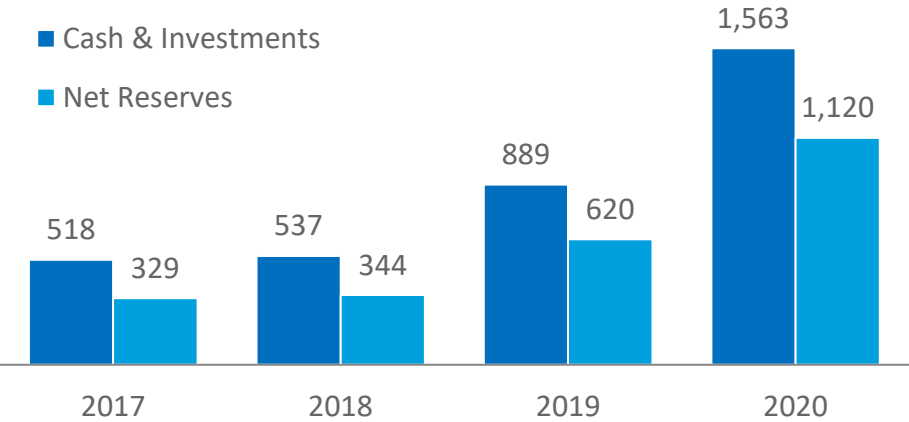
# LEGACY INSURANCE IS GROWING AND DEPLOYING CAPITAL AT TARGET RETURNS



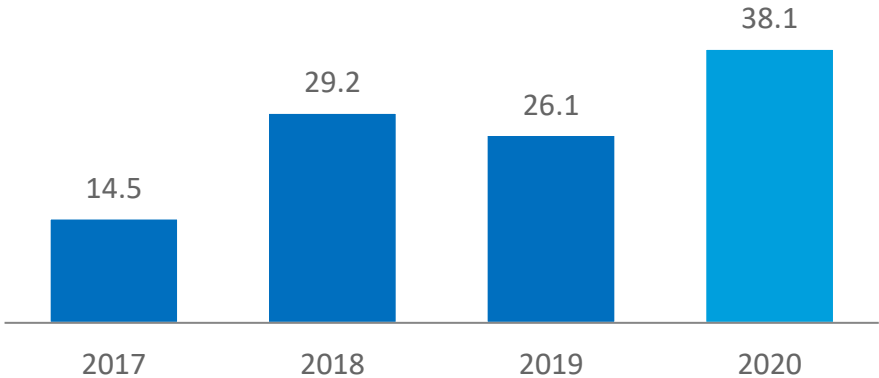
STRATEGY | INNOVATION | EXPERTISE

Executed a record number of transactions in 2020; 5-year average Operating Return on Tangible Equity remains above our 15% target

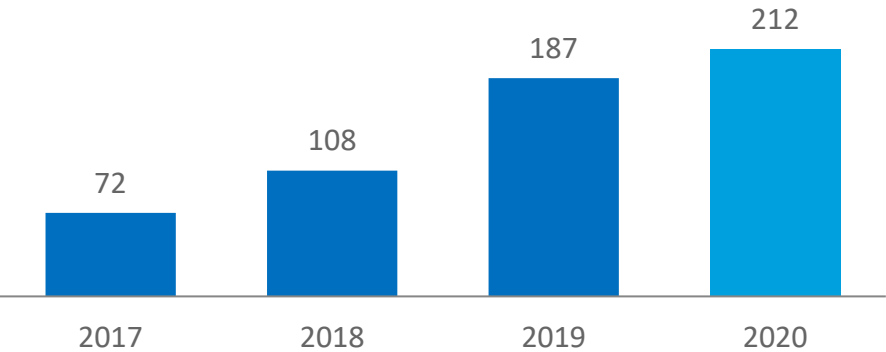
Cum. Cash & Investments and Net Reserves Acquired (£m)



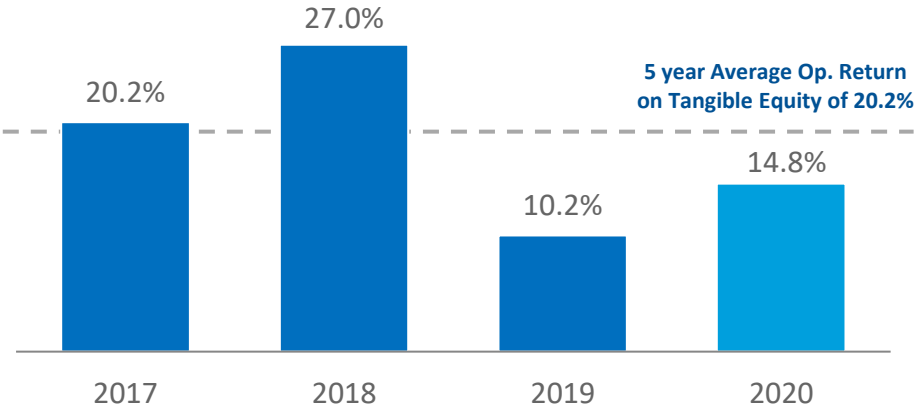
Pre-Tax Operating Profit (£m)



Average Operating Tangible Equity (£m)



Operating Return on Tangible Equity (%)



Note: See End Notes in Financial Information section of the presentation for definitions

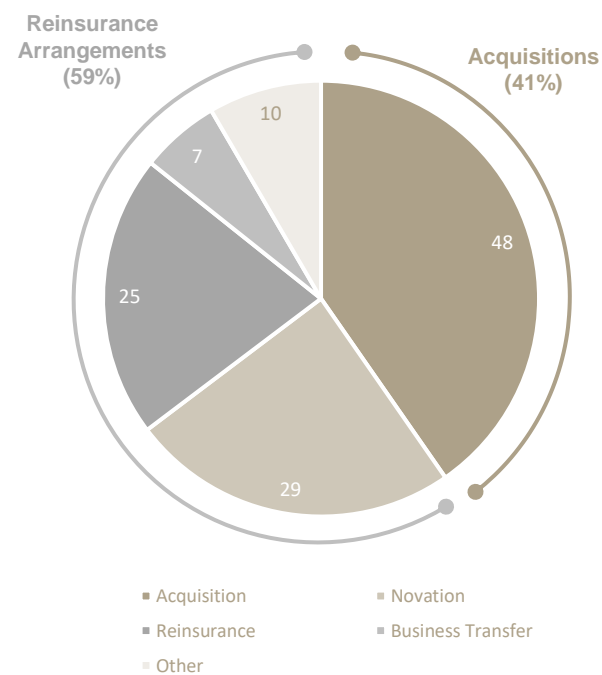
# LEGACY INSURANCE PLATFORM HAS A WIDE RANGE OF CAPABILITIES



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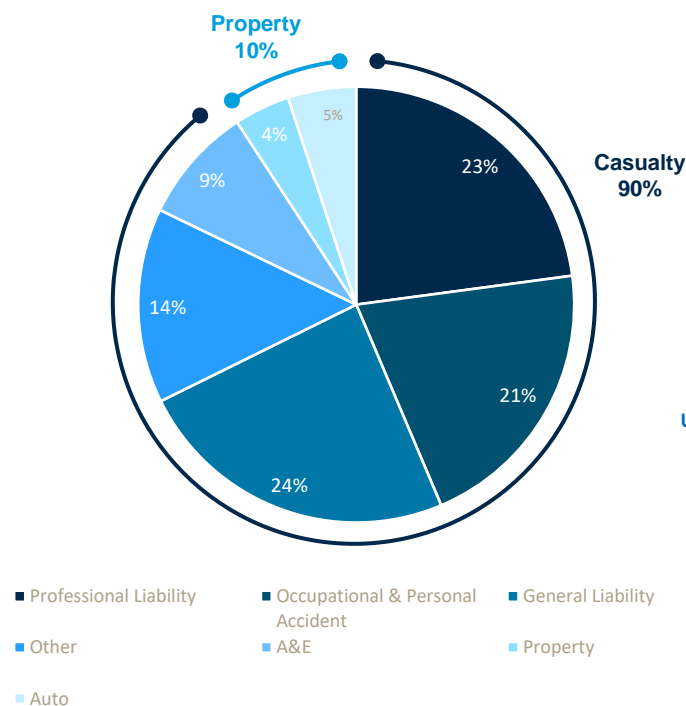
Since 2009 R&Q has completed 119 transactions in 36 regulatory jurisdictions representing ~£1.1b of net reserves

# of Deals by Type (2009 – YE 2020)



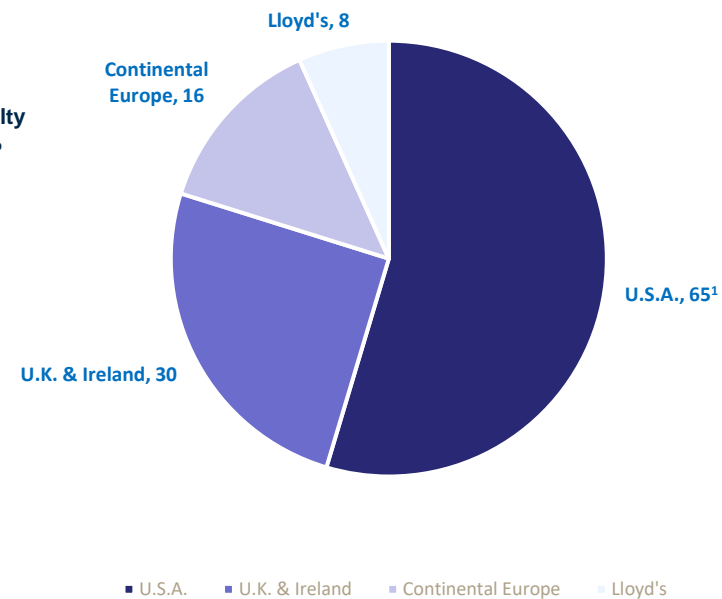
119 Transactions

Net Reserves by Product (2009 – YE 2020)



~£1.1b of Net Reserves

# of Deals by Region (2009 – YE 2020)



36 Regulatory Jurisdictions

1. Includes offshore transactions in Bermuda, Cayman and Barbados  
Note: See End Notes in Financial Information section of the presentation for definitions



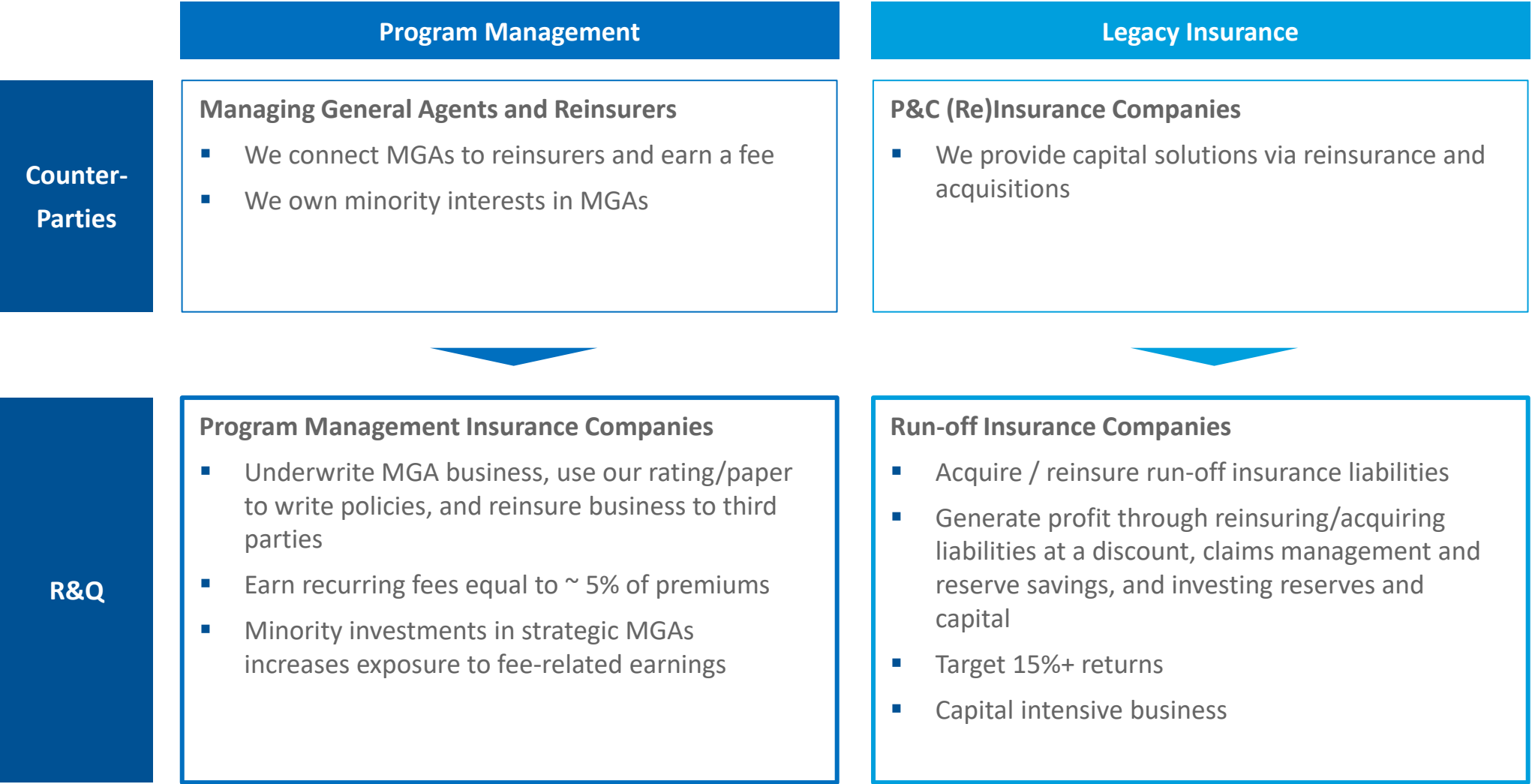
# MARKET & STRATEGIC UPDATE

# OUR SPECIALTY BUSINESSES ARE KEY COMPONENTS OF THE INSURANCE MARKET



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Program Management is a fee-based business; Legacy Insurance is a balance sheet intensive specialty business



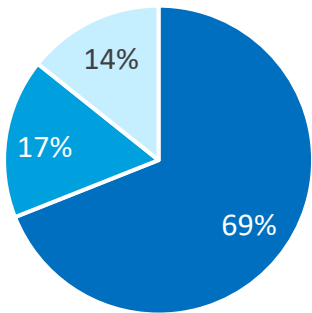
# OUR PROFIT MODEL COMPRISES UNDERWRITING, FEE AND INVESTMENT INCOME



STRATEGY | INNOVATION | EXPERTISE

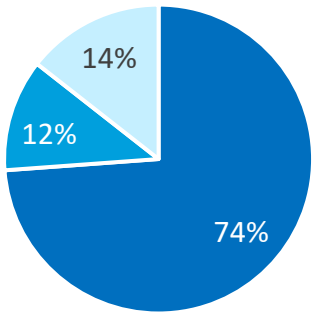
Gross Operating Income is primarily comprised of underwriting income; however, fee-based income is beginning to grow and now represents 17%

## 2020 Gross Operating Income



■ Underwriting ■ Fee ■ Investment

## 2019 Gross Operating Income



■ Underwriting ■ Fee ■ Investment

## Overview

- Gross Operating Income represents Pre-Tax Operating Profit before Fixed Operating Expenses
- The contributing sources of Gross Operating Income are:
  - **Underwriting Income:** Predominantly Legacy Insurance Tangible Day 1 Gains and reserve development / savings, but also includes Program Management retained business net of the cost of purchasing stop-loss coverage
  - **Fee Income:** Program Fee Revenue and our minority stake in MGAs
  - **Investment Income:** Investment income on reserves and required capital predominantly associated with Legacy Insurance, as well as investment income on retained business in Program Management and excess capital

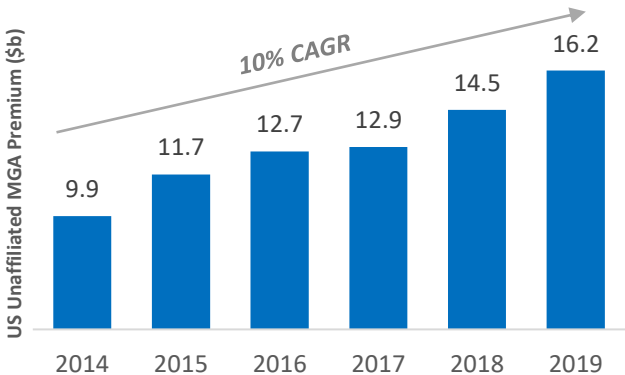
# PROGRAM MANAGEMENT MARKET – FAVORABLE GROWTH DYNAMICS



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Large market segment with long-term structural changes supporting continued growth and the ability to increase our market share

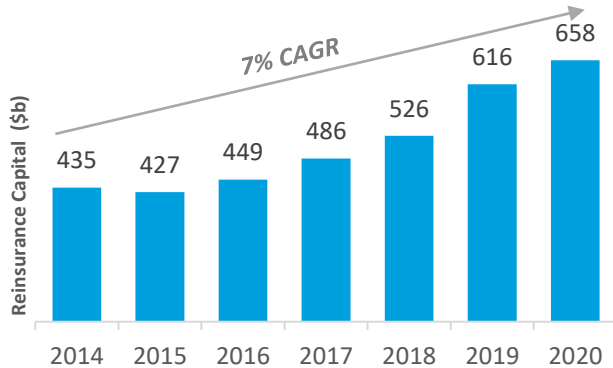
## Significant Growth of Independent MGA Premium in the US<sup>1</sup>



### Independent MGA premium growth supported by structural changes in the insurance market

- ✓ Independent (not affiliated with an insurance company) MGAs are becoming the platform of choice for entrepreneurial underwriters
- ✓ Independent MGAs' written premium has grown at 10% per year over the past five years, twice as fast as the overall P&C market growth rate of 5%
- ✓ The number of MGAs has grown by ~ 44% over this same time period

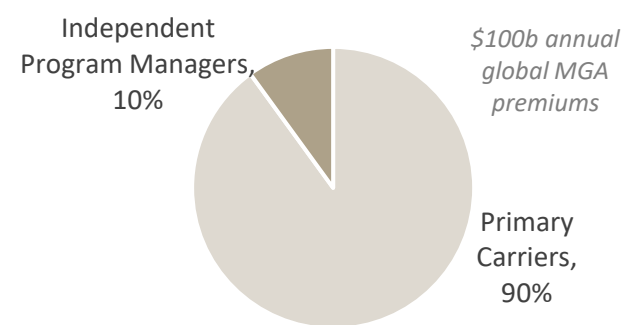
## Reinsurers' Demand for Premiums Growing with Capital Capacity<sup>2</sup>



### Growing reinsurance capital base is seeking direct access to premiums

- ✓ Global reinsurance capital has grown 7% per year since 2014
- ✓ This capacity is looking for direct access to premiums generated by strong underwriting teams that offer compelling risk-adjusted returns
- ✓ The program market offers an efficient path to access markets

## Independent Program Managers Positioned to Increase Market Share<sup>3</sup>



### Significant addressable market favors independent program manager growth

- ✓ Annually, MGAs generate premium of ~\$100b on a global basis (\$60b in the US)
- ✓ Less than 10% of that premium is currently intermediated by independent program managers
- ✓ MGAs are increasingly aligning with independent program managers who are conflict free and can best support their growth ambitions

1. Conning 2019 MGA Market Landscape for growth in Unaffiliated (Independent) MGA Premium and count; SNL for P&C market growth  
2. Willis Re Market Report April 2021  
3. Global MGA premiums and independent program manager premium share based on company estimates; Aon estimates of US MGA premium market size

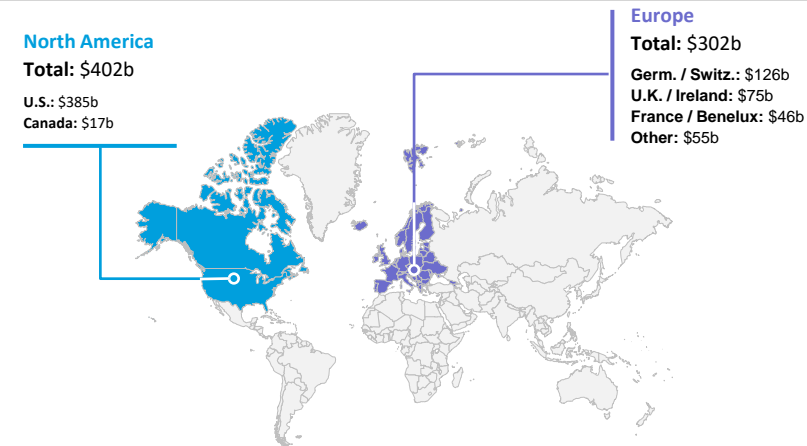
# LEGACY INSURANCE MARKET – SIGNIFICANT GROWTH CATALYSTS



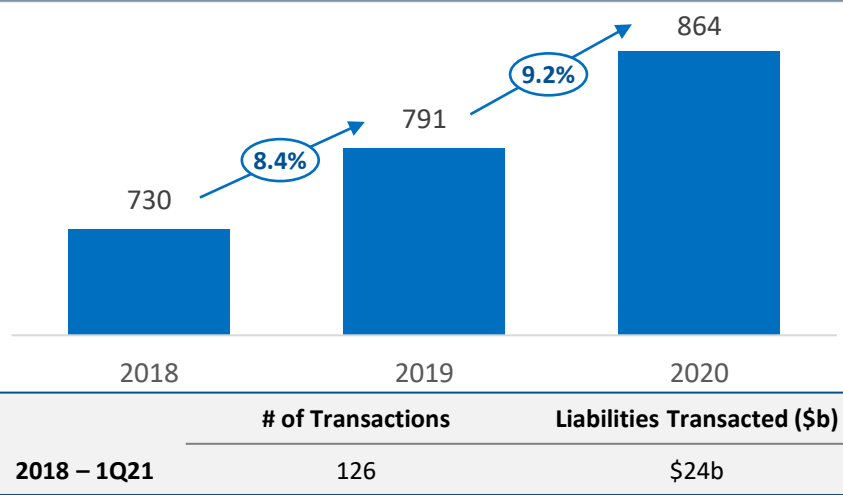
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Global P&C run-off liabilities are estimated to be \$864b, with strong secular tailwinds for growth and profitability

## Sizing the Market Opportunity<sup>1</sup>



## Historical Global Run-Off Reserves (\$b)<sup>1</sup>



## Legacy Market Growth Catalysts

- ✓ Hard market encouraging insurers to seek solutions to release capital supporting old policies
- ✓ Low interest rates and lack of redundancy in prior year reserves continue to be a drag on returns
- ✓ Recent COVID-related legal decisions in the UK and US related to business interruption could accelerate legacy activity
- ✓ Proposed regulatory changes under Solvency II, IFRS 17 and Brexit resulting in increasing capital requirements and / or administrative burdens
- ✓ Lloyd's Decile 10 process will expose annual syndicate underperformance
- ✓ Corporate non-insurance asbestos liabilities (\$60b market) seeking to offload exposure
- ✓ Insurance Business Transfers (IBT) approved in Oklahoma and other states considering IBT and Divisions Statute, which could spur additional transactions in the US

1. PwC Global Run-Off Surveys. Market opportunity based on P&C run-off liabilities in North America, UK and Europe.

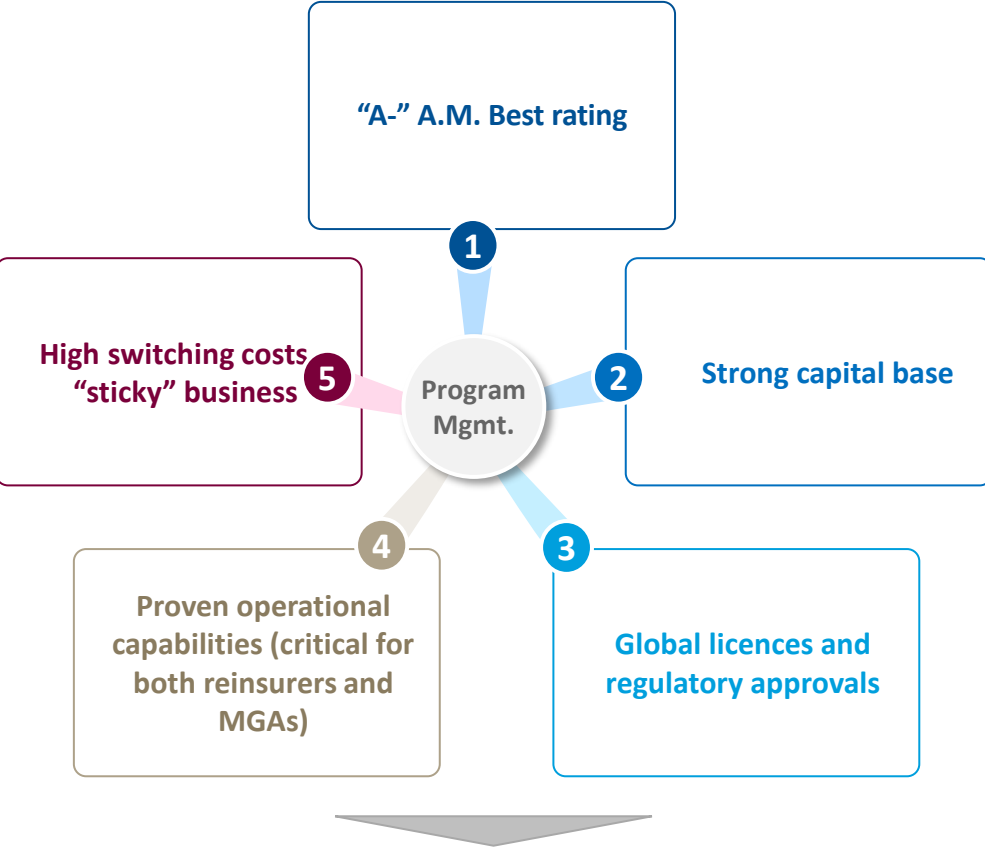
# THERE ARE HIGH BARRIERS TO ENTERING OUR BUSINESSES



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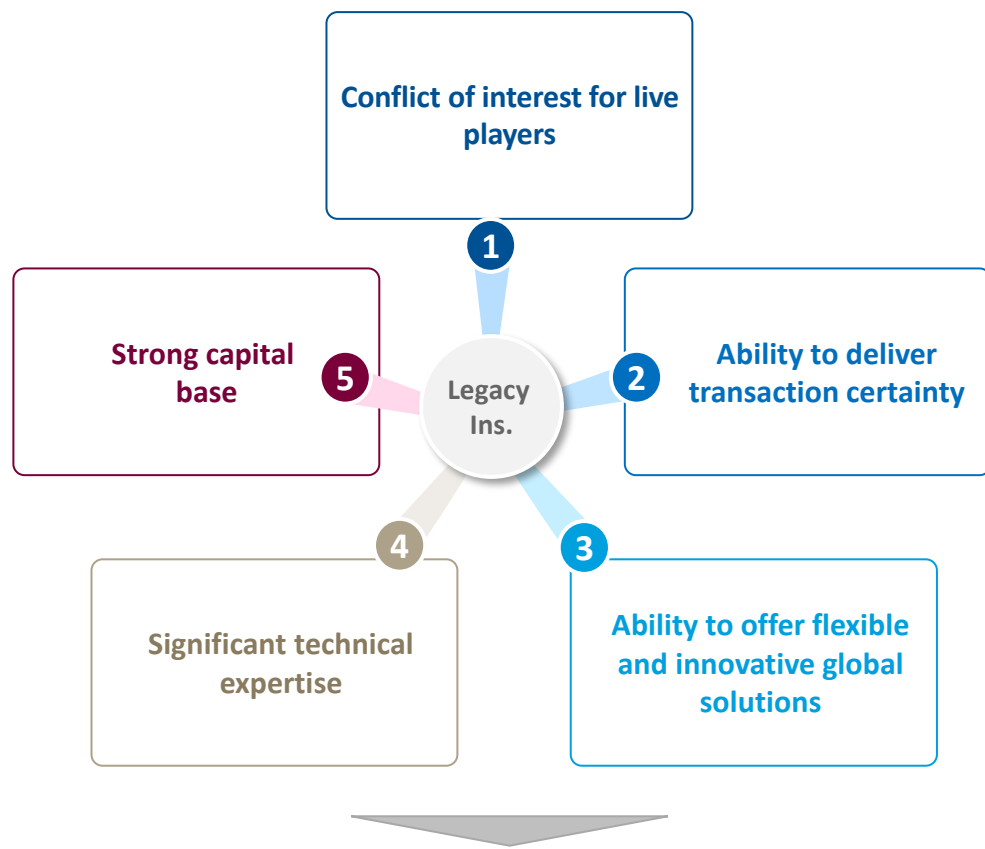
We are well established in high growth markets which require meaningful infrastructure to compete

## Program Management



**Our Positioning – Only Program Manager providing A-rated capacity in each of US, UK and Europe**

## Legacy Insurance



**Our Positioning – Broad platform including rated and fully licensed insurers in US, UK, Europe as well as Lloyd’s and Bermuda capabilities**



# OUR CAPITAL AND LIQUIDITY FRAMEWORK IS ALIGNED WITH OUR STRATEGY



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Capital framework and progressive dividend policy provides flexibility to prudently and profitably grow, while providing a growing dividend to shareholders

Capital and Liquidity Framework		Dividend Policy
Solvency Capital	<ul style="list-style-type: none"><li>Required capital to support Legacy Insurance (~30 – 40% of Net Reserves) and Program Management (~10% of Gross Written Premium)</li><li>Target &gt;= 150% BMA Solvency</li><li>2020 preliminary estimate of 202% (177% in 2019)</li><li>£111m in excess capital</li></ul>	<ul style="list-style-type: none"><li>Balances reinvestment in our business and a growing dividend to shareholders, while minimizing the need to raise external capital</li><li>Target markets are attractive, offering an opportunity to reinvest capital at high rates of return</li><li>Adopting a progressive cash dividend policy paying between 25% - 50% of Pre-Tax Operating Profit (a proxy for cash earnings)</li><li>Grow annual cash dividend from the 4p per share paid in fiscal year 2020</li></ul>
Parent Liquidity	<ul style="list-style-type: none"><li>Adequate level of cash and undrawn revolver relative to estimated fixed charges (corporate costs, interest expense and net cash distributions)</li></ul>	
Financial Leverage	<ul style="list-style-type: none"><li>Maximum amount of financial leverage (partial equity credit for subordinated debt)</li><li>Target &lt;= 30% adjusted debt to capital</li><li>2020 adjusted debt to capital of 28% (30% in 2019)</li></ul>	

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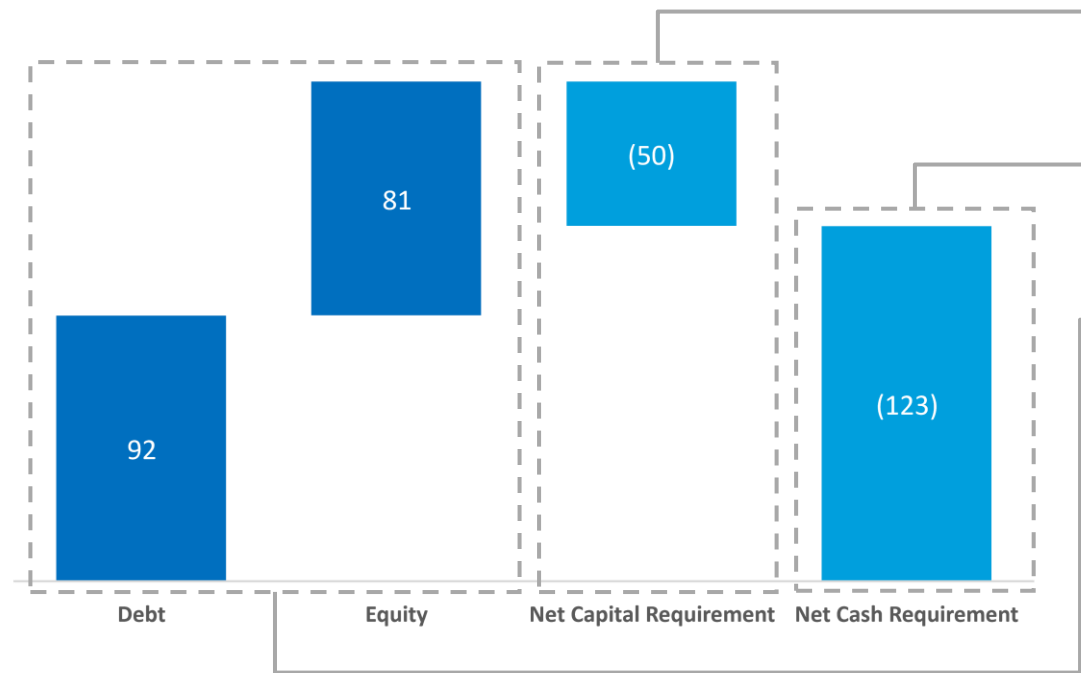
# RAISED £173m OF CAPITAL IN 2020, FULLY DEPLOYED IN GROWTH OPPORTUNITIES



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Business is currently consuming capital for attractive growth opportunities; expectation for self-funding in near-term

## 2020 Sources and Uses of Capital (£m)



## Current State: Net Capital Consumption

- Growth opportunities required capital (£105m), which exceeded our Pre-Tax Operating Profit (£16m) and excess capital (£39m), for a net capital requirement of £50m
- We also required cash of £123m for Legacy Insurance acquisitions (£94m), strategic investments (£20m) and shareholder distributions (£8.5m)
- Required funds of £173m came from the issuance of subordinated debt (£92m) and equity (£81m)

## Near-term: Self-financing

- Program Management profits sufficient to fund “steady state” growth in Legacy Insurance and progressive dividend policy
- Continue to tap debt markets to optimise balance sheet
- Potential new equity for material strategic and/or significant growth opportunities

**Year-end Excess Capital of £111m**

Capital and liquidity framework requires that solvency capital, liquidity, and financial leverage are aligned

In Q1 2021 we continue to see growth in our business

## Q1 2021 Update

### Program Management

- Gross Written Premium **grew 52%** to \$185.2m, from \$122.3m
- Fee Income **grew 91%** to \$9.7m, from \$5.0m
- Total **number of active programs grew by 21** to 52, increasing Contracted Premium by 80% to \$1.4b
- **Five new programs** launched in Q1 2021
- Tradesman EBITDA **increased ~140%** to ~\$4.8m, from ~\$2.0m

### Legacy Insurance

- Completed the acquisition of GE's captive in Ireland: **~£30m of reserves**
- Advancing the Part VII transfer for UK P&I Club with application filed with the regulator: **~£46m of reserves**
- **Five deals** under exclusivity: ~£120m reserves
- Received approval for **acquisition of the Vibe Managing Agency**

## Outlook for Rest of 2021

- Large pipeline of MGAs working through our approval process
- Witnessing a strong level of activity for a business that is historically busier in H2

***Our accelerated growth continues in both Program Management and Legacy Insurance***

# FIVE YEAR STRATEGIC VISION



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Our vision is to become a more capital efficient, fee-oriented and data-driven company focused on our core strengths of insurance origination, underwriting and claims management; requires four key initiatives

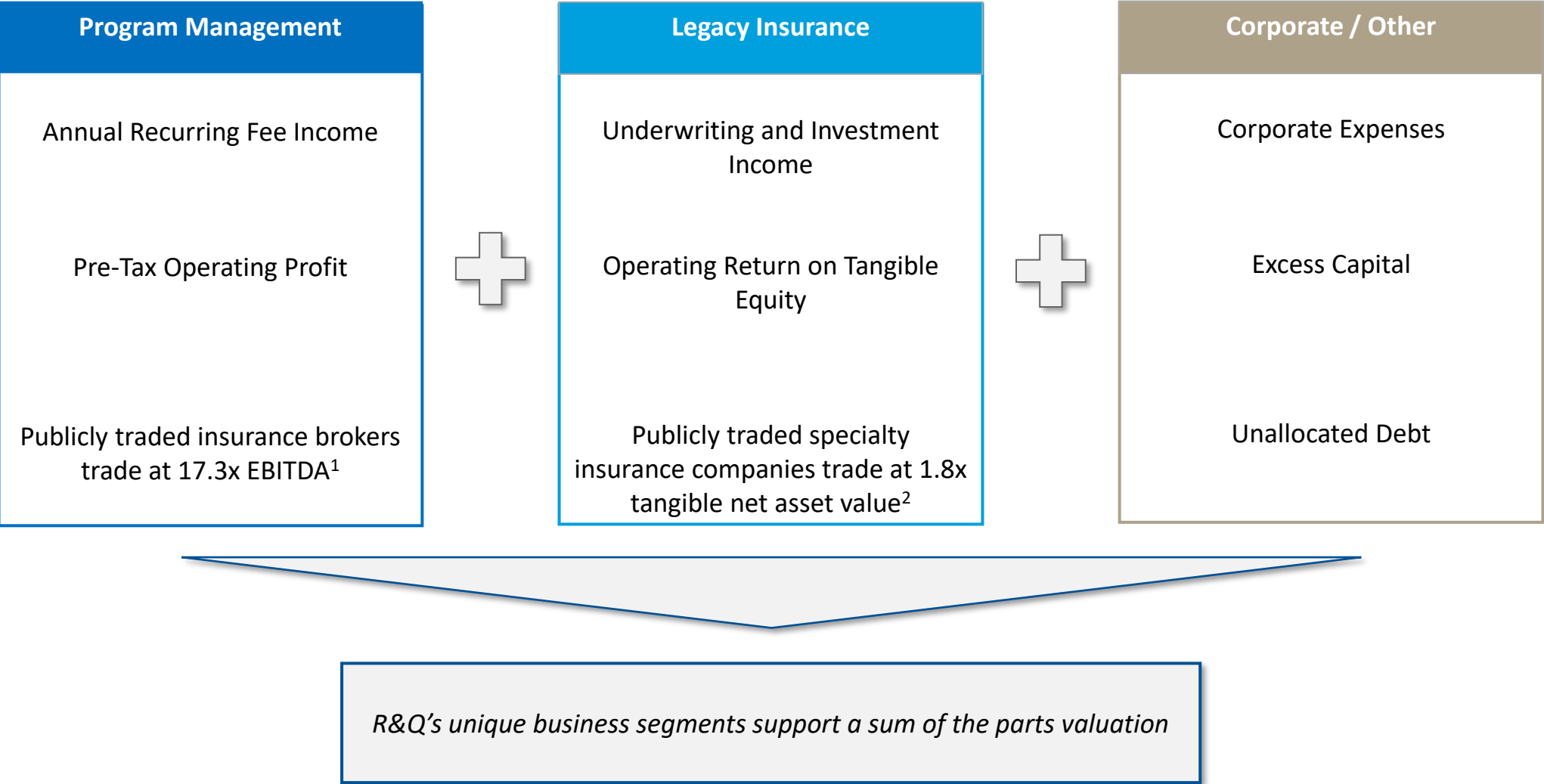
Increase Fee-Based Income	<ul style="list-style-type: none"><li>▪ Raise alternative sources of capital (i.e. sidecar) and originate / manage Legacy Insurance business for recurring fees</li><li>▪ Grow Program Management Gross Written Premium to \$1.5b in 2023</li><li>▪ Increase exposure to fee-related income through investments in strategic MGA partners</li></ul>
Automate Processes	<ul style="list-style-type: none"><li>▪ Efficiently support growing scale of business</li><li>▪ Utilise “digital workers” for routine and manual workflow processes</li><li>▪ Allow “human workers” to think strategically</li></ul>
Harness Data	<ul style="list-style-type: none"><li>▪ Leverage in-house data to enhance decision-making and pricing</li><li>▪ Apply and leverage machine learning and artificial intelligence to our unique, proprietary data</li></ul>
Engage Employees	<ul style="list-style-type: none"><li>▪ Support R&amp;Q’s spirit of entrepreneurialism</li><li>▪ Increase transparency and accountability by linking to strategic vision</li></ul>

# OUR BUSINESS IS A COMBINATION OF A FEE BUSINESS AND A SPECIALTY INSURER



STRATEGY | INNOVATION | EXPERTISE

Program Management is a recurring fee business, while Legacy Insurance is currently a balance sheet business



Source: FactSet, SNL with market data as of May 15, 2021

1. Brokers include Marsh & McLennan, Aon, WTW, AJ Gallagher, B&B

2. Specialty insurers include Hiscox, Beazley, Lancashire, WR Berkley, Markel, RLI, Argo, James River, Pro Assurance and Kinsale.

Note: See End Notes in Financial Information section of the presentation for definitions

# WE ARE A UNIQUE SPECIALTY INSURANCE COMPANY



STRATEGY | INNOVATION | EXPERTISE

Our vision is to become a more capital efficient, fee-oriented and data-driven company focused on our core strengths of insurance origination, underwriting and claims management





# FINANCIAL INFORMATION



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APPENDIX

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# GROUP CONSOLIDATED FINANCIALS



STRATEGY | INNOVATION | EXPERTISE

(£m)	FY 2020	FY 2019	% Change
Tangible Day 1 Gain	80.2	52.1	54%
Net Earned Premium	41.0	28.1	46%
Net Inv. Income (ex U/R GL)	16.2	12.4	31%
Fee Income	18.8	10.0	89%
Other Income	0.5	1.5	(67%)
<b>Total Operating Revenues</b>	<b>156.7</b>	<b>104.2</b>	<b>50%</b>
Net Incurred Claims	26.7	11.0	143%
Net Commissions & Prem. Tax	16.8	5.8	189%
Fixed Operating Expenses	87.8	69.9	26%
Finance Costs	9.4	9.5	(1)%
<b>Total Claims Costs &amp; Expenses</b>	<b>140.7</b>	<b>96.2</b>	<b>46%</b>
<b>Pre-Tax Operating Profit</b>	<b>16.0</b>	<b>8.0</b>	<b>102%</b>
Net Intangibles	15.5	28.7	(46%)
Net Unrealised & Realised Gains	5.3	9.6	(46%)
Unearned Program Fee Revenue	(3.1)	(2.8)	13%
Non-Core & Exceptional Items	(3.5)	(5.4)	(35%)
<b>Profit Before Tax</b>	<b>30.2</b>	<b>38.1</b>	<b>(21%)</b>

(£m)	YE 2020	YE 2019	% Change
<b>Assets</b>			
Cash and Investments	1,263.9	832.2	52%
Investment in Associates	33.4	0.0	NM
Other Assets	519.4	431.2	20%
Intangibles	60.6	46.1	31%
<b>Total Assets</b>	<b>1,877.3</b>	<b>1,309.5</b>	<b>43%</b>
<b>Liabilities</b>			
Gross Technical Provisions	1,770.4	1,072.2	65%
RI Share of Technical Provisions	(869.9)	(471.4)	85%
Net Technical Provisions	900.5	600.8	50%
Bank & Other Debt	243.4	142.7	71%
Other Liabilities	343.1	277.6	24%
<b>Total Liabilities</b>	<b>1,486.9</b>	<b>1,021.2</b>	<b>46%</b>
<b>Net Asset Value</b>	<b>390.3</b>	<b>288.3</b>	<b>35%</b>
Unearned Program Fee Revenue	7.6	5.1	49%
Intangibles	(60.6)	(46.1)	31%
FX Translation Reserve	9.1	(1.1)	NM
Net Unrealised (Gain)/Loss	(5.5)	(0.2)	NM
Deferred Tax	(0.2)	(0.5)	(56%)
<b>Tangible Net Asset Value</b>	<b>340.8</b>	<b>245.5</b>	<b>39%</b>

# SEGMENT FINANCIALS



STRATEGY | INNOVATION | EXPERTISE

(£m, except where noted)	Program Management (\$)	Program Management	Legacy Insurance	Corp / Other	Total
<b>FY 2020</b>					
<b>Pre-Tax Operating Profit</b>	<b>3.4</b>	<b>2.6</b>	<b>38.1</b>	<b>(24.7)</b>	<b>16.0</b>
Unearned Program Fee Revenue	(4.0)	(3.1)	0.0	0.0	<b>(3.1)</b>
Net Intangibles	0.0	0.0	15.5	0.0	<b>15.5</b>
Non-Core & Exceptional Items	0.0	0.0	0.0	(3.5)	<b>(3.5)</b>
Net Unrealised & Realised Gains/(Losses)	(0.4)	(0.3)	5.6	0.0	<b>5.3</b>
<b>Profit Before Tax</b>	<b>(1.0)</b>	<b>(0.8)</b>	<b>59.2</b>	<b>(28.2)</b>	<b>30.2</b>
<b>FY 2019</b>					
<b>Pre-Tax Operating Profit</b>	<b>(1.8)</b>	<b>(1.4)</b>	<b>26.1</b>	<b>(16.7)</b>	<b>8.0</b>
Unearned Program Fee Revenue	(3.6)	(2.8)	0.0	0.0	<b>(2.8)</b>
Net Intangibles	0.0	0.0	28.7	0.0	<b>28.7</b>
Non-Core & Exceptional Items	0.0	0.0	0.0	(5.4)	<b>(5.4)</b>
Net Unrealised & Realised Gains/(Losses)	3.0	2.3	7.3	0.0	<b>9.6</b>
<b>Profit Before Tax<sup>1</sup></b>	<b>(2.4)</b>	<b>(1.9)</b>	<b>62.1</b>	<b>(22.1)</b>	<b>38.1</b>

1. 2019 Profit Before Tax by segment restated to eliminate intercompany loan interest income from segments, move the allocation of interest expense entirely to Corporate/Other, and move the allocation of investment income on excess capital to Corporate/Other  
 Note: See End Notes in Financial Information section of the presentation for definitions. Figures may not add due to rounding

- Pre-Tax Operating Profit is a measure of how our core businesses performed adjusted for Unearned Program Fee Revenue, intangibles created in Legacy Insurance acquisitions and net realised and unrealised investment gains on fixed income assets.
- Tangible Net Asset Value represents Net Asset Value adjusted for Unearned Program Fee Revenue, intangibles created in Legacy Insurance acquisitions, net unrealised investment gains on fixed income and lease-based assets and foreign translation currency reserves.
- Gross Operating Income represents Pre-Tax Operating Profit before Fixed Operating Expenses.
- Fee Income represents Program Fee Revenue and our share of earnings from minority stakes in MGAs (Associate).
- Underwriting Income represents net premium earned less net claims costs, acquisitions expenses, claims management costs and premium taxes / levies.
- Investment Income represents income arising on the investment portfolio excluding net realised and unrealised investment gains on fixed income and lease-based assets.
- Fixed Operating Expenses include employment, legal, accommodation, information technology, Lloyd's syndicate and other fixed expenses.
- Cash and Investments exclude funds withheld trusts for which we do not earn investment income.
- Contracted Premium for Program Management is the Gross Premium that our existing distribution partners believe their programs will generate over a period of time. We expect a significant portion of Contracted Premium to become Gross Written Premium.
- Program Fee Revenue represents the full fee revenue from insurance policies already bound including Unearned Program Fee Revenue, regardless of the length of the underlying policy period (earned). We believe Program Fee Revenue is a more appropriate measure of the revenue of the business during periods of high growth, due to a larger than normal gap between Gross Written and Gross Earned (IFRS) Premium.
- Unearned Program Fee Revenue represents the portion of Program Fee Revenue that has not yet earned on an IFRS basis.
- Program Fee represents Program Fee Revenue as a percentage of written premium ceded to reinsurers.
- Pre-Tax Operating Profit Margin for Program Management is our profit margin on Gross Operating Income.
- Average Operating Tangible Equity for Legacy Insurance is based on the Group's target solvency capital models and includes allocated debt.
- Operating Return on Tangible Equity for Legacy Insurance includes allocated interest expense and has been annualised for interim reporting periods.

# COMPANY OVERVIEW & HISTORY



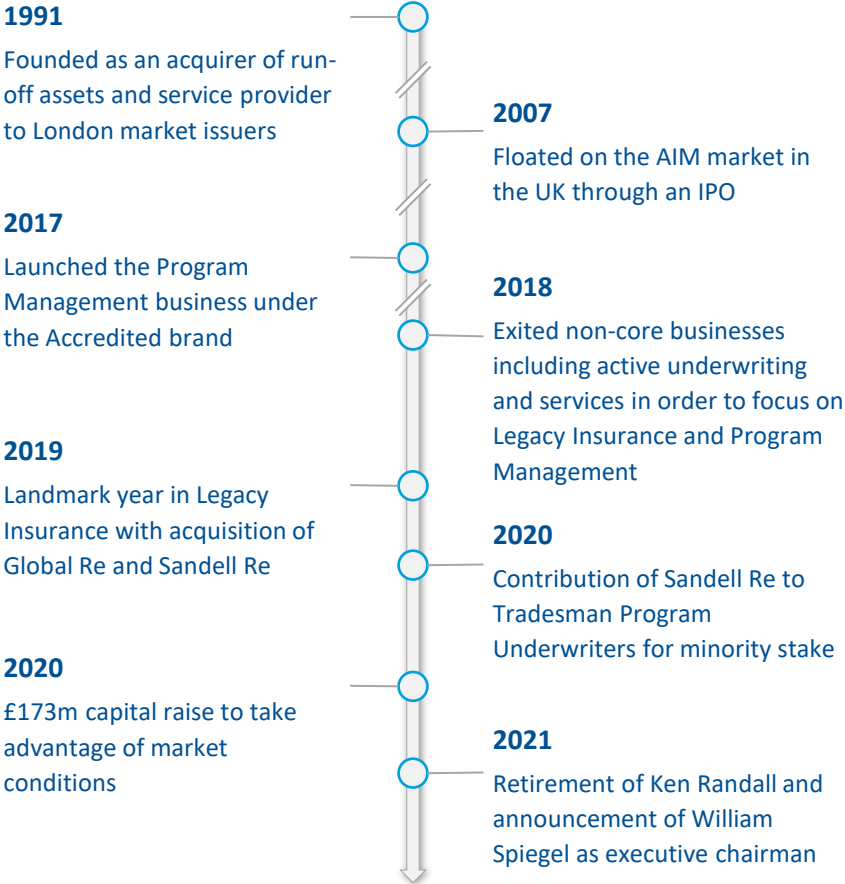
STRATEGY | INNOVATION | EXPERTISE

R&Q has been operating in the insurance industry for over 30 years

## Highlights

- Non-life insurer focused on two business
  - *Legacy Insurance*: Acquirer of run-off insurance assets and liabilities
  - *Program Management*: Provide insurance licenses connecting Managing General Agents and their reinsurers
- Founded in 1991 by Ken Randall and Alan Quilter
- Incorporated in Bermuda, with operations in the U.S., UK, Europe and Bermuda
- Publicly listed on the Alternative Investment Market (AIM) with a market capitalisation of ~£475m<sup>1</sup>
- Financial strength ratings for its onshore carriers of A- by AM Best
- 280 employees in eight offices

## History



1. Based on market price as of May 15, 2021