
H1 2021 Update

Investor Presentation



STRATEGY | INNOVATION | EXPERTISE



A history of success
A future of opportunity

A leading non-life global specialty insurance company

STRATEGIC UPDATE

R&Q IS SIMPLIFYING AND ENHANCING ITS BUSINESS MODEL



STRATEGY | INNOVATION | EXPERTISE

R&Q is moving from a complex, balance sheet intensive business to a more simplified and predictable fee-based model with the launch of Gibson Re and our Legacy Insurance Asset Management business¹

Old Complicated Framework

- Complex revenue model, driven by upfront Underwriting Income associated with Legacy Insurance
- Episodic earnings due to unknown timing of Legacy Insurance transactions
- Balance sheet intensive due to required capital for Legacy Insurance transactions and need to raise equity to fund growth

New Simplified Framework

- ✓ Simplified revenue model, driven by annual recurring Fee Income on Program Management Gross Written Premium and Legacy Insurance reserves
- ✓ Predictable and high quality annual recurring Fee Income
- ✓ Balance sheet lighter, with capital required to fund growth provided by third parties

1. Subject to regulatory approvals

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

R&Q IS BECOMING AN ANNUAL RECURRING FEE BUSINESS



STRATEGY | INNOVATION | EXPERTISE

R&Q is executing on its 5-year strategy of increasing Fee Income

Legacy Insurance

- ✓ Launched Legacy Insurance Asset Management business
- ✓ Formed Gibson Re, raising ~\$300m of long-dated capital¹; supports ~\$2b of reserves
- ✓ Annual recurring Fee Income of 4.25% of ceded reserves for at least six years, plus potential performance fees
- ✓ Launch additional vehicles after Gibson Re capital is fully utilized

Program Management

- ✓ Increasing target Gross Written Premium in 2023 to \$1.75b, up from \$1.5b; Program Fees of ~5%
- ✓ 68 programs as of end of August
- ✓ Gross Written Premium of \$890m (H1 2021 annualised)
- ✓ Annual recurring Fee Income of \$50m (H1 2021 annualised)

MGA Investments

- ✓ 40% ownership of Tradesman Program Managers
- ✓ Tradesman Net Income of \$31m (H1 2021 annualised)
- ✓ Contributes Fee Income of \$12m (H1 2021 annualised) to Program Management

1. Subject to regulatory approvals

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

LEGACY INSURANCE MARKET IS EXPERIENCING SIGNIFICANT SECULAR GROWTH

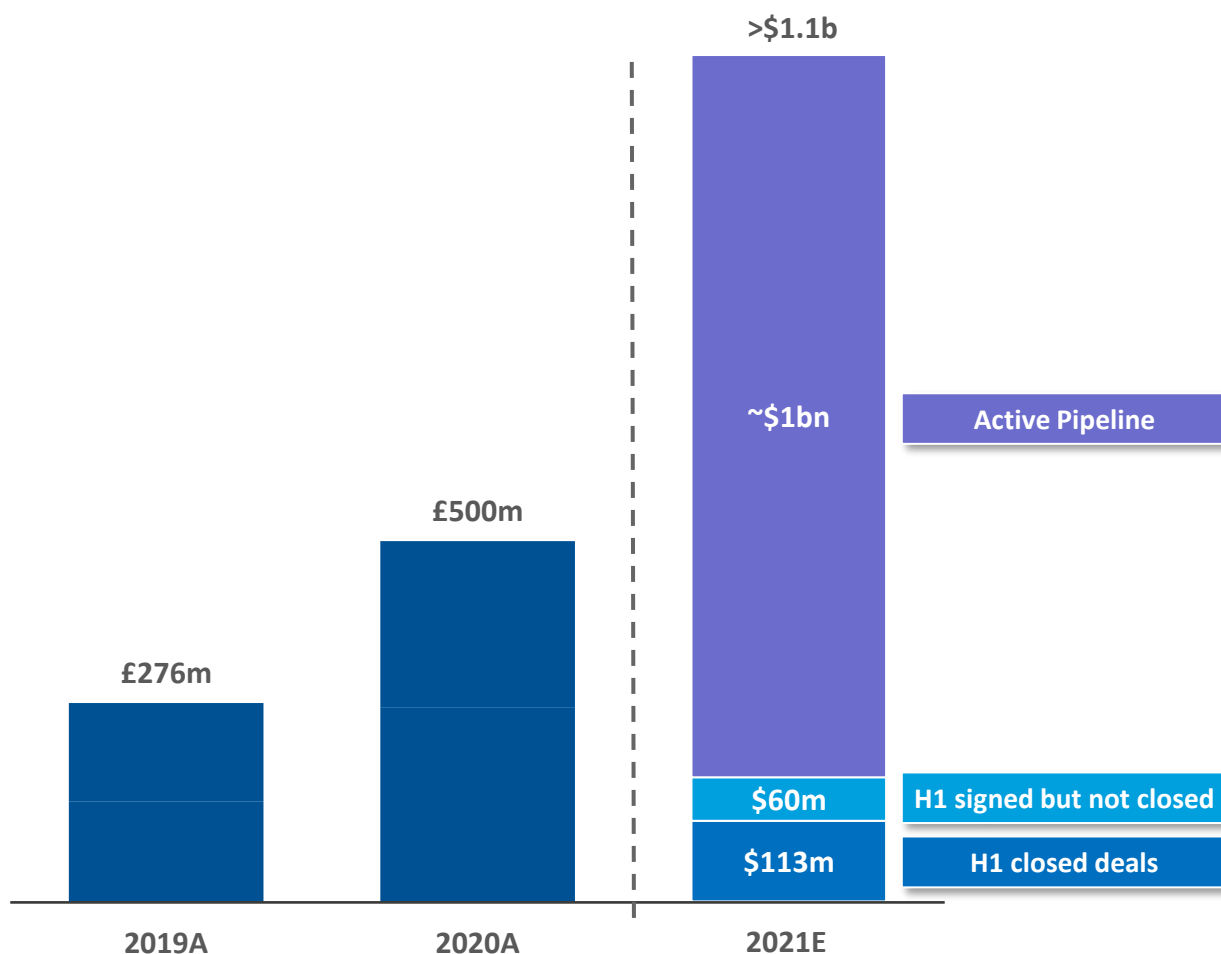


STRATEGY | INNOVATION | EXPERTISE

R&Q continues to see significant opportunities in the legacy market

R&Q Net Reserves Acquired

Active and Growing Market



- ✓ A key provider of capital management solutions to insurance industry
- ✓ >\$860b of global legacy liabilities¹
- ✓ Active pipeline driven by:
 - Under-performing business lines
 - Hard market
 - Higher regulatory capital requirements, including Solvency II
 - Low interest rates

1. Per PwC Global Run-Off Surveys

GIBSON RE TRANSFORMS LEGACY INSURANCE INTO AN ASSET MANAGER



STRATEGY | INNOVATION | EXPERTISE

Legacy Insurance will have a more predictable and higher quality revenue stream



~\$300m of On-Demand Capital¹

- Legacy Insurance is fully funded for 3 years
- Allows R&Q to acquire / reinsure ~\$2b of legacy reserves over three years



Enhances Fee-Based Annual Recurring Revenues

- Annual recurring Fee Income of 4.25% of ceded reserves for at least six years, plus potential performance fees
- 2020 recurring Fee Income would have increased from 17% to 52% of Gross Operating Income² with the implementation of Gibson Re



Improves Capital Efficiency

- Reduces the need for dilutive equity issuance
- Diversifies funding sources away from traditional capital markets
- Frees up capital to support growing dividend and reinvestment



Creates Future Flow Business

- Sponsorship from well-regarded and long-term investors
- Commutation starting in year 7 of remaining reserves in Gibson Re provides Legacy Insurance with an attractive pipeline of Underwriting Income

1. Subject to regulatory approvals

2. Assumes \$640m of reserves acquired in FY2020 under proposed terms of reinsurance arrangement with Gibson Re, of which 80% of the reserves are ceded to Gibson Re at 4.25% Fee Income

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

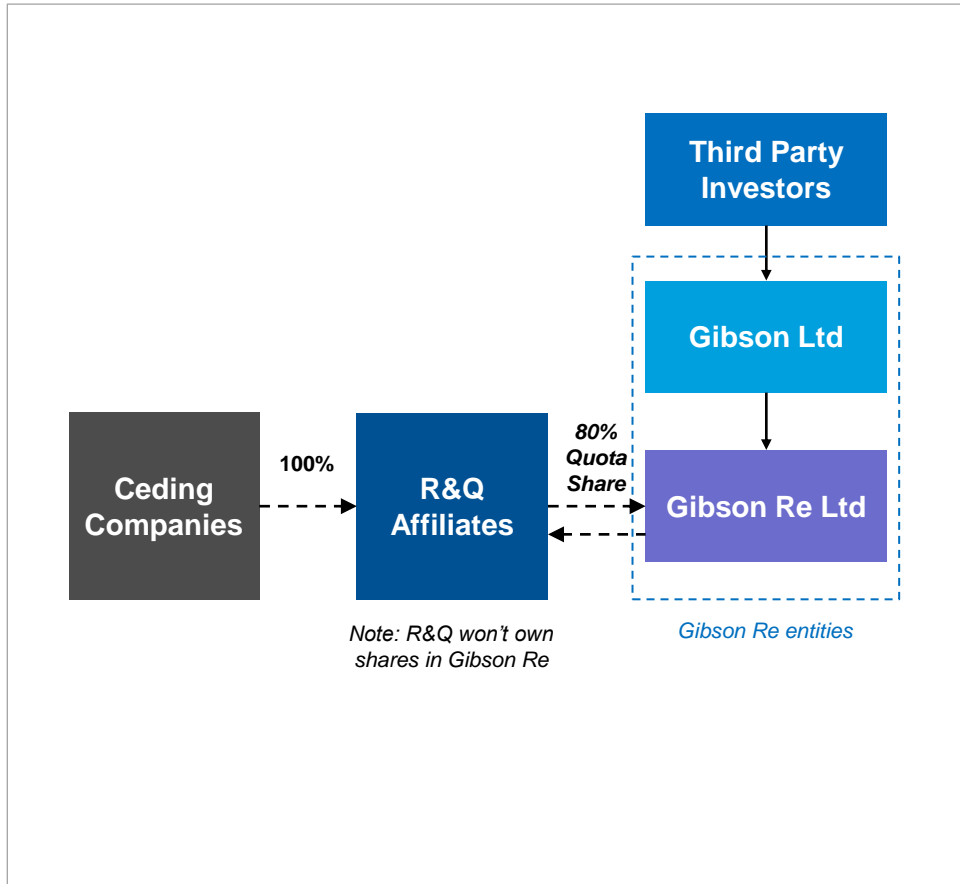
GIBSON RE WILL REINSURE 80% OF R&Q'S FUTURE LEGACY TRANSACTIONS



STRATEGY | INNOVATION | EXPERTISE

Gibson Re leverages R&Q's origination, underwriting and claims capabilities and pays annual recurring fees as a percentage of reserves to R&Q

Simplified Structure



Key Economics

- ✓ Gibson Ltd has raised ~\$300m from equity and debt investors (R&Q will not own any securities of Gibson Ltd)¹
- ✓ Gibson Ltd can call the capital at any time during a 3-year underwriting period
- ✓ Qualifying transactions include all R&Q Legacy Insurance transactions
- ✓ All transactions based on R&Q's current underwriting and investment guidelines
- ✓ Economics are shared vis-à-vis an 80% / 20% quota share of Legacy Insurance transactions between Gibson Re / R&Q to promote alignment of interest
- ✓ Gibson Re will pay R&Q 4.25% annually on ceded reserves, plus potential performance fees
- ✓ Gibson Re will pay its share of transaction and operating expenses
- ✓ Beginning 7 years after the closing date, R&Q will provide a commutation of outstanding claim reserves

1. Subject to regulatory approvals

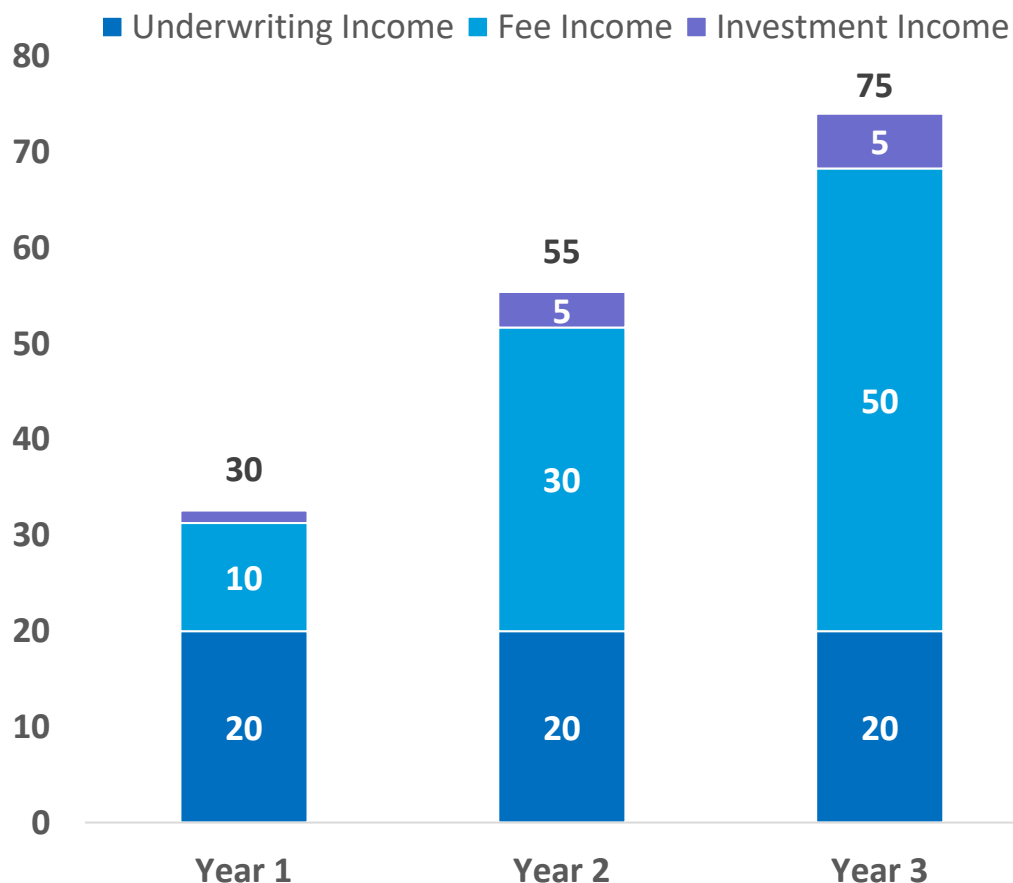
R&Q WILL REPLACE UPFRONT UNDERWRITING INCOME WITH RECURRING FEES



STRATEGY | INNOVATION | EXPERTISE

80% of upfront Underwriting Income will be replaced with stable, annual recurring fees of ~\$50m by year 3; reduces future equity capital needs

Illustrative R&Q Gross Operating Income on Future Legacy Insurance Transactions (\$m)



Key Assumptions

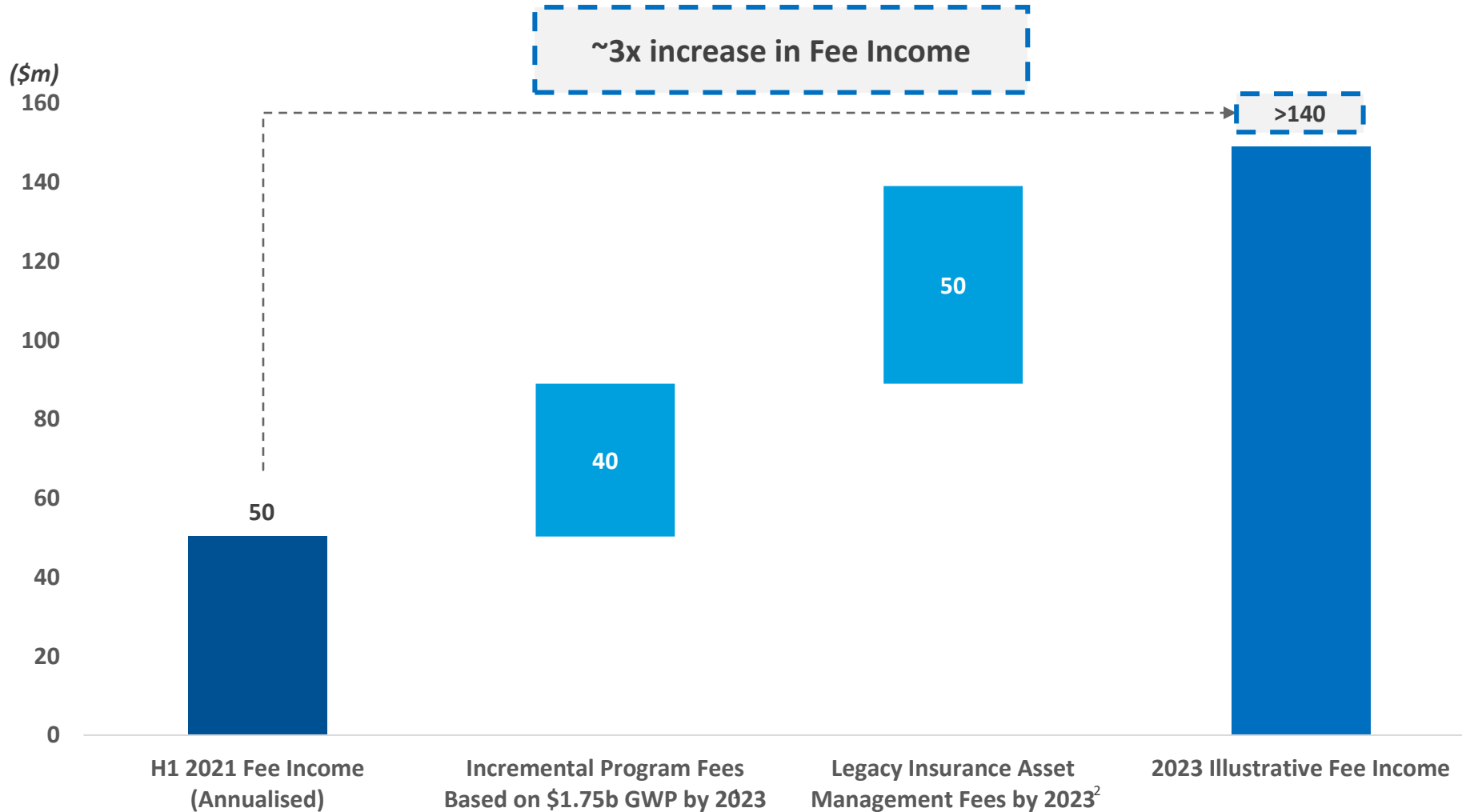
- Assumes \$2b of reserves are acquired over three years
 - \$1.6b, or 80%, is ceded to Gibson Re
 - \$400m, or 20%, is retained by R&Q
- Gibson Re deploys \$300m of capital over three years
- Underwriting Income is based on a risk premium of 15% of acquired reserves that are retained by R&Q
- Fee Income is based on annual fees of 4.25% of Gibson Re's reserves
- Investment Income is based on a 2% yield on acquired reserves that are retained by R&Q

R&Q's OUTLOOK FOR FUTURE FEE INCOME IS ROBUST



STRATEGY | INNOVATION | EXPERTISE

Assuming Gibson Re is fully utilised and we achieve our Program Management targets, we expect Fee Income of at least \$140m by 2023



1. Assumes Program Fees of 5% of ceded GPW; 90% of \$1.75b GPW is ceded and 10% is retained
 2. Run-rate Fee Income assuming Gibson Re capital is fully utilised by 2023
 Note: See End Notes in Financial Information section of the presentation for definitions

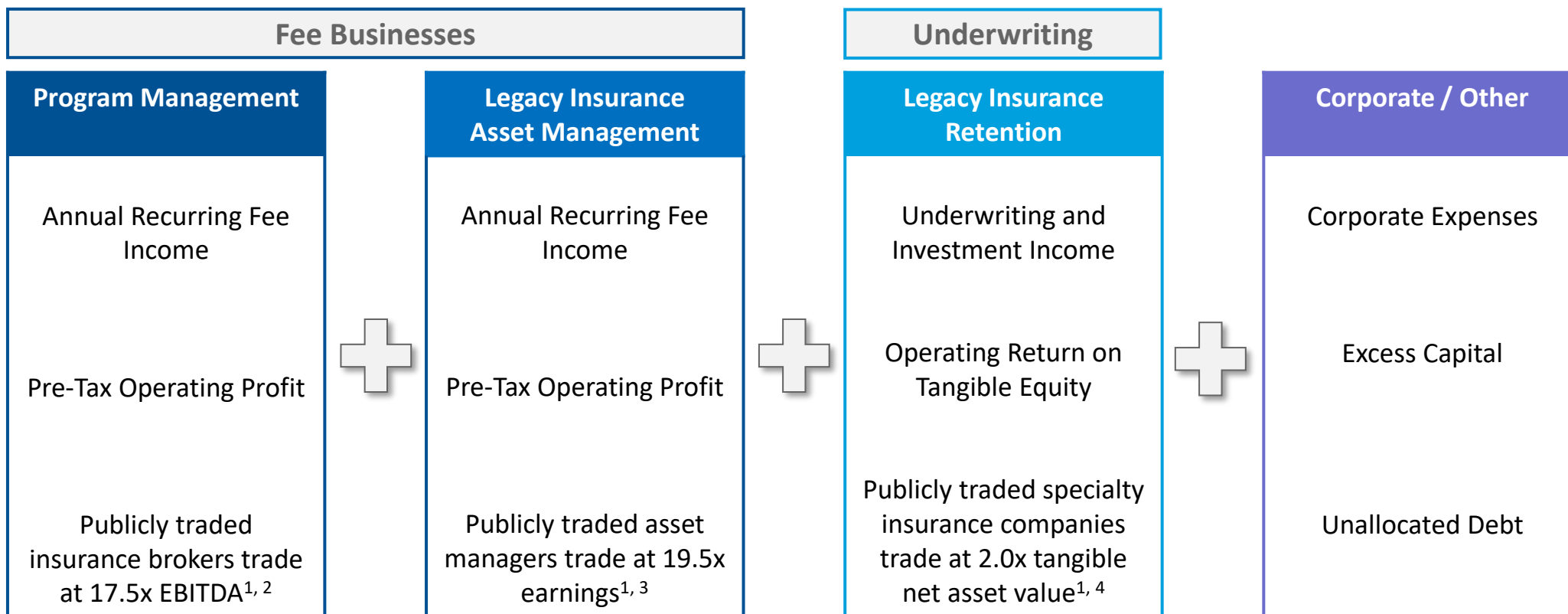
R&Q expects episodic, capital-intensive Underwriting Income to be replaced by predictable annual recurring Fee Income, while growing dividends

- Our business continues to perform in-line with market expectations, but without Gibson Re we would have to raise additional equity capital to support Legacy Insurance growth
- With the formation of Gibson Re, we expect FY 2021 Pre-Tax Operating Profit to be relatively flat to FY 2020 depending on the timing of completing Legacy Insurance transactions
 - Pre-Tax Operating Profit is impacted due to the loss of upfront Underwriting Income replaced by annual recurring Fee Income
 - No need for additional equity to fund growth in Legacy Insurance
- Expect 2023 Pre-Tax Operating Profit to grow to over \$90m¹
- FY 2021 dividend expected to grow from 4p per share paid in FY 2020, in line with our progressive dividend policy (interim dividend declared of 2p per share)
- The dividend payout ratio for FY 2021 is likely to be significantly above the 25 – 50% target payout range, funded by excess capital created by Gibson Re

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



STRATEGY | INNOVATION | EXPERTISE



R&Q'S BUSINESS SEGMENTS SUPPORT A SUM OF THE PARTS VALUATION

Source: FactSet with market data as of August 30, 2021.

1. Represents median multiple for respective peer sets.
2. Brokers include Marsh & McLennan, Aon, WTW, AJ Gallagher, B&B
3. Asset managers include U.K. Alternative Asset Managers Intermediate Capital Group, John Laing Group and U.S. Diversified Asset Managers Apollo, Ares, Blackstone, Carlyle and KKR.
4. 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

H1 2021 RESULTS

Strong growth in Program Management Fee Income. Timing delays in completing Legacy Insurance deals impacted H1 2021 Pre-Tax Operating Profit

Group

Timing of Legacy Deals Lead to H1 Loss; Strong Growth in Fee Income

Pre-Tax Operating Loss of \$(24)m
(break-even upon including 2 signed deals expected to close in H2 2021)

Fee Income of \$25m
(135% increase over H1 2020)

Changed to US\$ reporting

Program Management Growing Fee Income and Profits

Gross Written Premium of \$445m
(80% increase over H1 2020)

Pre-Tax Operating Profit of \$10m
(11x increase over H1 2020)

Pre-Tax Operating Profit Margin of 40%
(increased from 7.5% in H1 2020)

Legacy Insurance

Timing of Completing Deals Impacted Reported Profit; Pipeline Strong

8 deals with \$113m of reserves acquired; over \$1bn pipeline

Two signed transactions representing \$60m of reserves and Underwriting Income of \$23m expected to close in H2 2021

Completed 1st Insurance Business Transfer between unrelated parties in the US; opens up new avenue for finality solutions

Capital

Strong Capital and Liquidity

Group Solvency Ratio of ~171%
(Target > 150%)

Adjusted Debt/Cap of 29%
(Target < 30%)

H1 dividend of 2p per share; expecting to grow 4p dividend paid in FY 2020

GROUP RESULTS IMPACTED BY TIMING OF LEGACY INSURANCE TRANSACTIONS



STRATEGY | INNOVATION | EXPERTISE

**Pre-Tax Operating Loss for H1 2021 was a result of timing of completion of Legacy Insurance transactions;
Pipeline remains robust for H2 2021**

(\$m, except where noted)	H1 2021	H1 2020
Income Statement		
Pre-Tax Operating Profit	(23.5)	12.8
Operating EPS (c)	(8.5)	5.9
Profit Before Tax	(45.4)	0.7
Reported EPS (c)	(13.7)	0.5
Fiscal Year DPS (p)	2.0	3.8

(\$m, except where noted)	30 June 2021	31 Dec 2020
Balance Sheet		
Tangible Net Asset Value	439.4	474.9
Tangible Net Asset Value per Share (c)	160.2	173.3
Net Asset Value per Share (c)	180.8	193.3

Management Discussion & Analysis

- Pre-Tax Operating Loss was \$23.5m, driven by timing of Legacy Insurance transaction closings, despite strong underlying profitability in Program Management
- When including the two Legacy Insurance transactions signed and expected to close in H2, Pre-Tax Operating Profit was approximately break-even
- Historically, ~70% Legacy Insurance transactions close in H2, as measured by reserves
- On an IFRS basis, the pre-tax loss was \$45.4m, driven by unrealised losses on our investment portfolio and exceptional items
- Proposed cash dividend per share of 2p, with objective to grow FY 2020 dividend of 4p

FEE INCOME GREW 135%



STRATEGY | INNOVATION | EXPERTISE

Strong year-over-year increase in Fee Income led by exceptional growth in Program Management

(\$m)	H1 2021	H1 2020	% Change
Underwriting Income	19.1	58.8	(68%)
Fee Income	25.1	10.7	135%
Investment Income	11.6	8.9	31%
Gross Operating Income	55.8	78.3	(29%)
Program Management	9.9	0.8 ¹	1,136%
Legacy Insurance	(14.8)	37.5 ²	NM
Corporate/Other	(18.6)	(25.4)	(27%)
Pre-Tax Operating Profit	(23.5)	12.8	NM

Management Discussion & Analysis

Sources of Gross Operating Income by Type

- Underwriting Income decreased 68% due to the timing of closing Legacy Insurance transactions
- Fee Income increased 135% due to growth in Program Fee Revenue and 40% ownership of Tradesman
- Investment Income increased 31% due to growth in assets

Sources of Pre-Tax Operating Profit by Segment

- Program Management Pre-Tax Operating Profit of \$9.9m, up from \$0.8m
- Legacy Insurance Pre-Tax Operating Loss of \$14.8m due to timing of closing Legacy Insurance transactions
- Corporate/Other Pre-Tax Operating Loss includes unallocated expenses of \$8.3m and interest expense of \$11.8m net of interest income on excess capital of \$1.5m

1. Corresponds to H1 2020 Economic EBITDA reported last year
 2. Corresponds to H1 2020 Operating EBIT reported last year net of expense associated with Letters of Credit
 Note: See End Notes in Financial Information section of the presentation for definitions

PROGRAM MANAGEMENT TOP AND BOTTOM LINE CONTINUE TO GROW RAPIDLY



STRATEGY | INNOVATION | EXPERTISE

Record period for Gross Written Premium and Fee Income; Pre-Tax Operating Profit of \$9.9m demonstrates profitability potential as business scales

(\$m)	H1 2021	H1 2020	% Change
Number of Programs	60	36	67%
Contracted Premium	1,605	925	74%
Gross Written Premium	445	247	80%
Underwriting Income	(1.2)	(1.7)	(28%)
Fee Income	25.1	10.7	135%
Investment Income	0.9	1.2	(27%)
Gross Operating Income	24.8	10.2	143%
Fixed Operating Expenses	14.9	9.4	59%
Pre-Tax Operating Profit	9.9	0.8¹	1,136%
Program Fee	4.6%	4.4%	0.2pp
Pre-Tax Operating Profit Margin	39.9%	7.5%	32.1pp

Post H1 2021 Update

- 68 Programs as of Aug. 31st, 2021, an increase of 8 vs H1 2021
- \$551m of Gross Written Premium through July 31st, 2021

Management Discussion & Analysis

- Gross Written Premium was \$445m, an 80% increase due to growth in programs and realisation of contracted premium
- Underwriting Loss on ~5% of retained business due to the purchase of reinsurance to reduce earning volatility
 - Underwriting Income was a profit of \$1.4m when excluding \$2.6m of Stop Loss reinsurance
- Fee Income up 135% due to higher Gross Written Premium and income from minority stake in Tradesman
 - 40% stake in Tradesman MGA produced \$5.8m of Fee Income in H1 2021
- Fixed Operating Expenses increased 59% due to expansion in staff and higher allocation of corporate expenses
- Pre-Tax Operating Profit was a record of \$9.9m with Pre-Tax Operating Profit Margin of 39.9%

1. Corresponds to H1 2020 Economic EBITDA reported last year
 Note: See End Notes in Financial Information section of the presentation for definitions. Figures may not add due to rounding

LEGACY INSURANCE RESULTS IMPACTED BY TIMING; STRONG PIPELINE



STRATEGY | INNOVATION | EXPERTISE

Legacy Insurance performance negatively impacted due to timing of M&A transactions; however, the pipeline remains extremely strong and full-year performance expected to be on track

(\$m)	H1 2021	H1 2020	% Change
Deals Completed	8	9	(11%)
Cash & Investments Acquired	147.9	402.9	(63%)
Net Reserves Acquired	112.5	336.3	(67%)
Underwriting Income	20.3	60.5	(66%)
Fee Income	0.0	0.0	NM
Investment Income	9.2	7.4	24%
Gross Operating Income	29.5	67.9	(57%)
Fixed Operating Expenses	44.3	30.4	46%
Pre-Tax Operating Profit	(14.8)	37.5¹	NM
Avg. Operating Tangible Equity (LTM)	352.1	263.8	33%
Op. Return on Tangible Equity (LTM)	NM	15.6%	NM

Management Discussion & Analysis

- Completed 8 deals, acquired assets of \$148m, and net reserves of \$113m
- Underwriting Income of \$20.3m; impacted by timing of deals signed but expected to close in H2 2021
- Investment Income of \$9.2m, up 24% due to assets acquired over the past twelve months
- Fixed Operating Expenses increased 46% due to higher allocation of corporate expenses
- Pre-Tax Operating Loss of \$14.8m due to timing of transaction completions
- Pre-Tax Operating Profit would be \$8m, pro forma for signed transactions expected to close in H2 2021

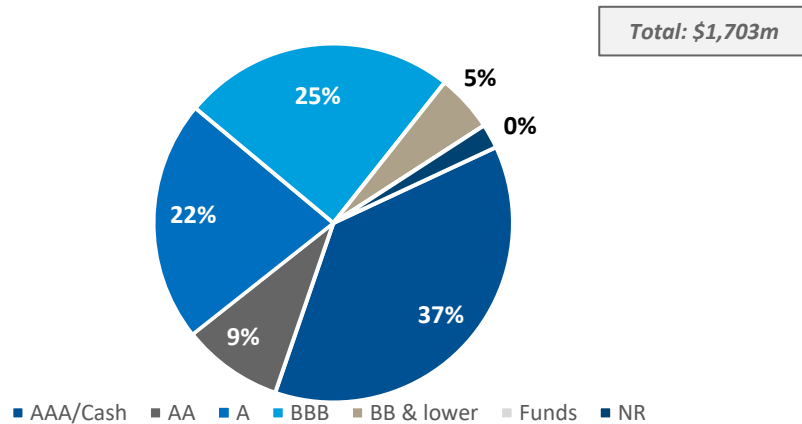
Post H1 2021 Update

- 2 deals signed and expected to close in H2 2021; \$60m of reserves and \$23m of Underwriting Income
- Completed 1st Insurance Business Transfer between unrelated parties in the US; opens up new avenue for finality solutions

1. Corresponds to H1 2020 Operating EBIT reported last year net of expense associated with Letters of Credit
 Note: See End Notes in Financial Information section of the presentation for definitions

93% invested in investment-grade assets

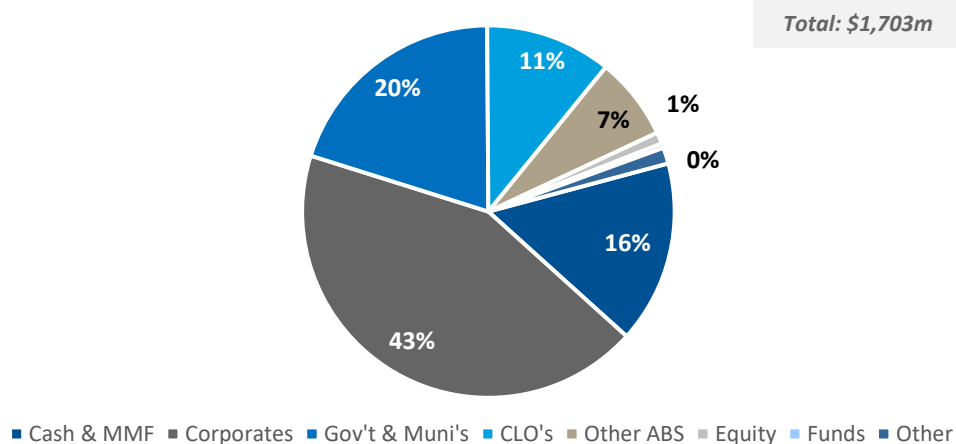
Investment Portfolio By Credit Rating (H1 2021)



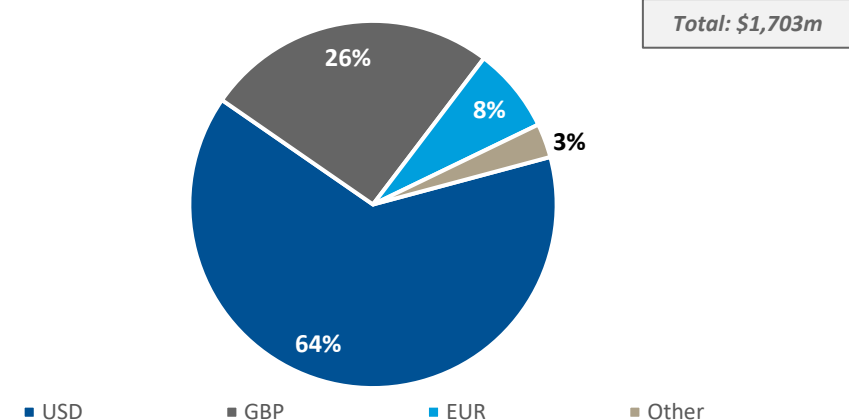
H1 2021 Results

- Emphasis remains on high quality, liquid fixed income, 93% investment grade
- Portfolio book return of 1.4% annualised excluding realised and unrealised gains and losses, down from 1.7% due to the lower interest rate environment and change in currency mix
- Duration has increased to 2.7 years from 1.8 at FY 2020

Investment Portfolio By Asset Class (H1 2021)



Investment Portfolio By Currency (H1 2021)



FIVE YEAR STRATEGY – CAPITAL EFFICIENT, FEE-ORIENTED, DATA DRIVEN COMPANY



STRATEGY | INNOVATION | EXPERTISE

Focus on our core strengths of insurance origination, underwriting and claims management; Implemented through four key initiatives

1

Increase Fee Income

- Grow Legacy Insurance Asset Management business
- Grow Program Management business
- Develop strategic Program Management and Legacy Insurance partnerships

2

Automate Processes

- Efficiently support growing scale of business
- Utilise “digital workers” for routine and manual workflow processes
- Allow “human workers” to think strategically

3

Harness Data

- Leverage in-house data to enhance decision-making and pricing
- Apply and leverage machine learning and artificial intelligence

4

Engage Employees

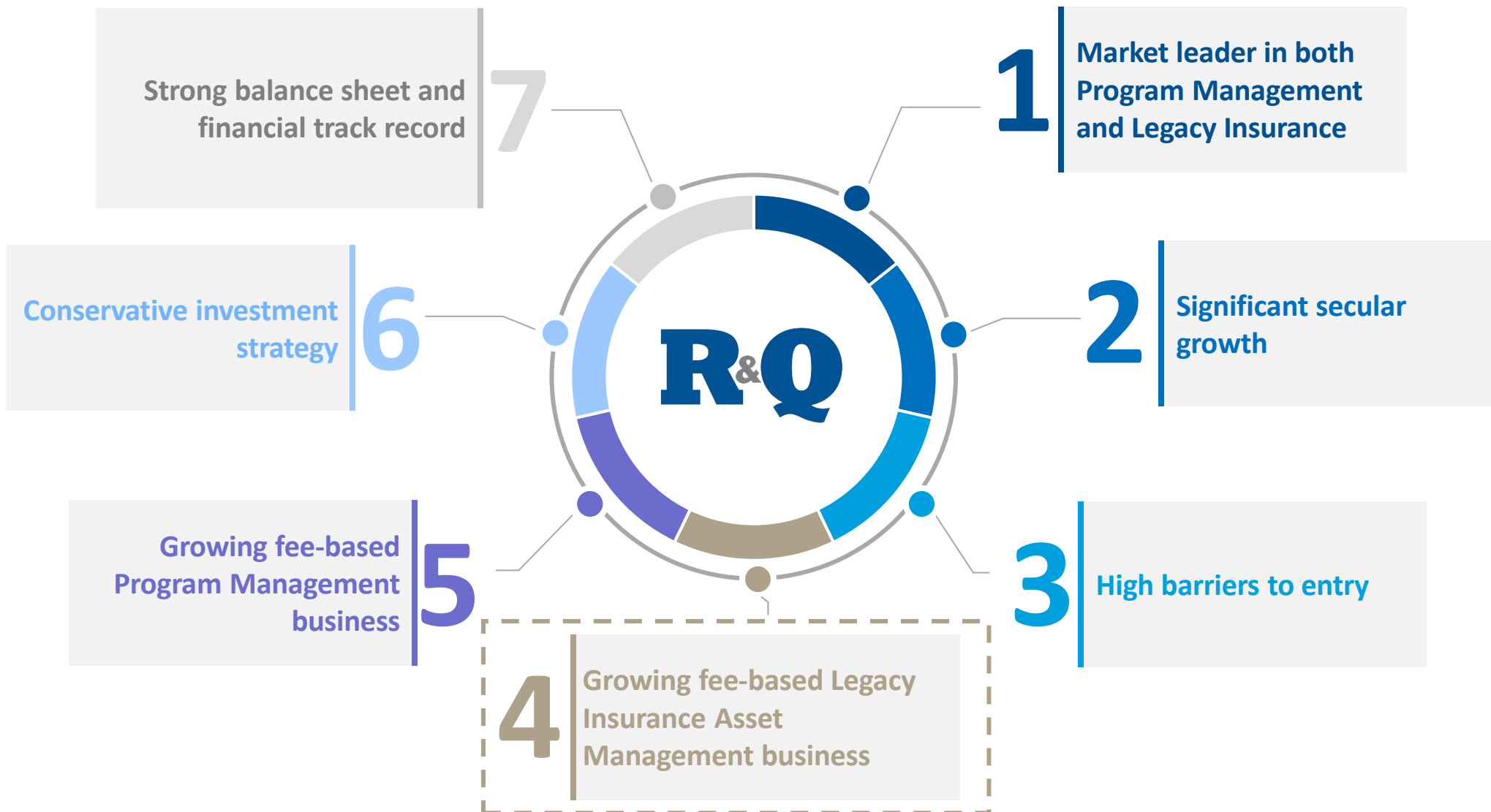
- Support R&Q’s spirit of entrepreneurialism
- Increase transparency and accountability by linking to strategic vision

WE ARE A UNIQUE SPECIALTY INSURANCE COMPANY



STRATEGY | INNOVATION | EXPERTISE

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



FINANCIAL INFORMATION



APPENDIX

GROUP CONSOLIDATED FINANCIALS



STRATEGY | INNOVATION | EXPERTISE

(\$m)	H1 2021	H1 2020	% Change
Tangible Day 1 Gain	26.1	53.6	(51%)
Net Earned Premium	16.5	29.0	(43%)
Net Inv. Income (ex U/R GL)	11.6	8.9	31%
Fee Income	25.1	10.7	135%
Other Income	1.7	1.2	42%
Total Operating Revenues	81.0	103.3	(23%)
Net Incurred Claims	20.2	14.1	43%
Net Commissions & Prem. Tax	5.1	10.9	(54%)
Fixed Operating Expenses	65.7	59.1	11%
Finance Costs	13.6	6.4	111%
Total Claims Costs & Expenses	104.6	90.5	13%
Pre-Tax Operating Profit	(23.5)	12.8	NM
Net Intangibles	(3.3)	(1.7)	94%
Net Unrealised & Realised Gains	(6.5)	(6.2)	5%
Unearned Program Fee Revenue	(5.5)	(2.5)	120%
Non-Core & Exceptional Items	(6.6)	(1.8)	275%
Profit Before Tax	(45.4)	0.7	NM

(\$m)	30 June 2021	31 Dec 2020	% Change
Assets			
Cash and Investments	1,716	1,715	0%
Investment in Associates	48	46	4%
Other Assets	811	705	15%
Intangibles	83	82	1%
Total Assets	2,657	2,548	4%
Liabilities			
Gross Technical Provisions	2,617	2,403	9%
RI Share of Technical Provisions	(1,377)	(1,181)	17%
Net Technical Provisions	1,240	1,222	1%
Bank & Other Debt	363	330	10%
Other Liabilities	559	466	20%
Total Liabilities	921	796	16%
Net Asset Value	496	530	(6%)
Unearned Program Fee Revenue	14	9	53%
Intangibles	(83)	(82)	1%
FX Translation Reserve	10	25	(58%)
Net Unrealised (Gain)/Loss	2	(7)	(123%)
Deferred Tax	(0)	1	(125%)
Tangible Net Asset Value	439	475	(7%)

SEGMENT FINANCIALS



STRATEGY | INNOVATION | EXPERTISE

(\$m)	Program Management	Legacy Insurance	Corporate / Other	Total
H1 2021				
Pre-Tax Operating Profit	9.9	(14.8)	(18.6)	(23.5)
Unearned Program Fee Revenue	(5.5)	0.0	0.0	(5.5)
Net Intangibles	0.0	(3.3)	0.0	(3.3)
Non-Core & Exceptional Items	0.0	0.0	(6.6)	(6.6)
Net Unrealised & Realised Gains/(Losses)	(0.7)	(4.5)	(1.3)	(6.5)
Profit Before Tax	3.7	(22.6)	(26.5)	(45.4)
H1 2020				
Pre-Tax Operating Profit	0.8²	37.5³	(25.4)	12.8
Unearned Program Fee Revenue	(2.5)	0.0	0.0	(2.5)
Net Intangibles	0.0	(1.7)	0.0	(1.7)
Non-Core & Exceptional Items	0.0	0.0	(1.8)	(1.8)
Net Unrealised & Realised Gains/(Losses)	(0.1)	(8.6)	2.5	(6.2)
Profit Before Tax¹	(1.8)	27.2	(24.7)	0.7

1. Restated to eliminate allocated interest expense

2. Corresponds to H1 2020 Operating EBITDA reported last year

3. Corresponds to H1 2020 Operating EBIT reported last year net of expense associated with Letters of Credit

Note: See End Notes in Financial Information section of the presentation for definitions. Figures may not add due to rounding

- Pre-Tax Operating Profit or loss is a measure of how the Group's 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 and lease-based assets.
- Operating EPS represents Pre-Tax Operating Profit adjusted for the marginal tax rate, divided by the average number of diluted shares outstanding in the period.
- 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 and Interest Expense.
- Fee Income represents Program Fee Revenue and our share of earnings from minority stakes in MGAs.
- Underwriting Income represents net premium earned less net claims costs, acquisitions expenses, claims management costs and premium taxes / levies.
- Investment Income represents income 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 of ongoing operations, excluding non-core and exceptional items.
- Contracted Premium is the Gross Premium that our existing distribution partners believe their programs will generate over an annual period. 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. 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 ceded written premium.
- Pre-Tax Operating Profit Margin is our profit margin on Gross Operating Income.
- Average Operating Tangible Equity is based on the Group's target solvency capital models and includes allocated debt.
- Operating Return on Tangible Equity includes allocated interest expense and has been annualised for interim reporting periods.