

2024 Results Update

April 2025

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Headlines & Strategic Update

At a glance



2.13m

In-force Policies
+2.9%



£1.1bn

Turnover
+14.2%



£127m

Trading Profit
+£144m



172%

Solvency Coverage
+21ppts



20.0%

Expense Ratio
-3.8ppts



64.5%

Loss Ratio
-14.2ppts

Strong growth and financial performance following completion of industry-leading technology and data platform transformation, delivering value through:

Growth:

- +8% in-force policies over 2024 H2
- Improved market agility
- Increased customer ease

Quality:

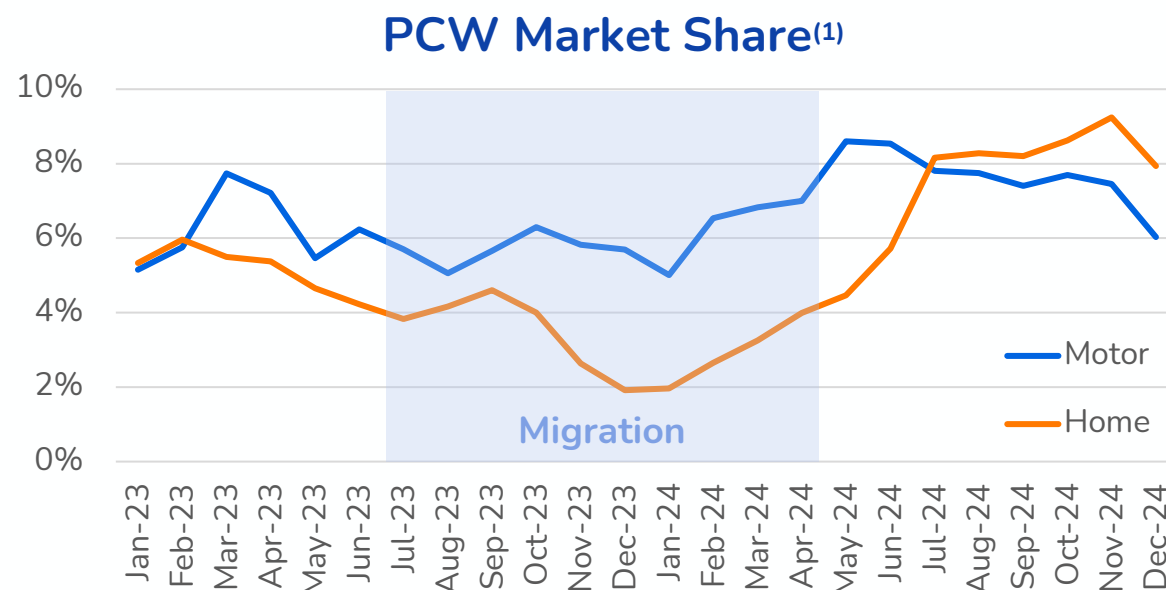
- Greater and faster use of enhanced data assets for pricing
- Lean and scalable cost base

Returns:

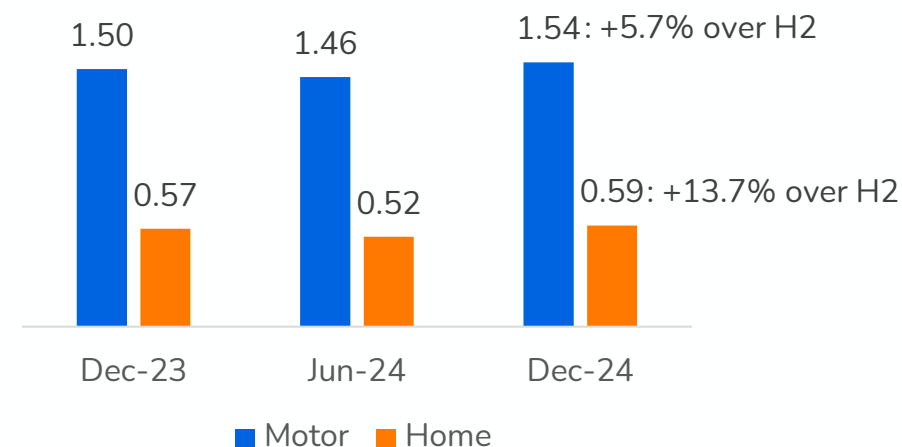
- Improved margins and profitability

In-force policies and turnover increased over 2024

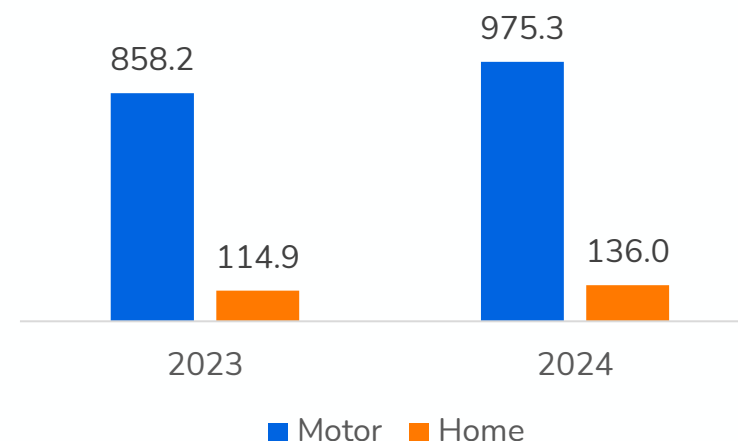
- 2024 H1 saw the completion of esure's transformation programme, including the tail-end of strategic spend to support decommissioning of old systems
- The full migration of existing policies to the new platform was completed in 2024 Q1 - written volumes were reduced for a period to support the migration activity
- Over 2024 H2 the new platform has supported strong growth, including successive months of record sales of Home policies, and market shares are now restored, at 7.5% Motor and 8.4% Home in 2024 H2



In-Force Policies (m)



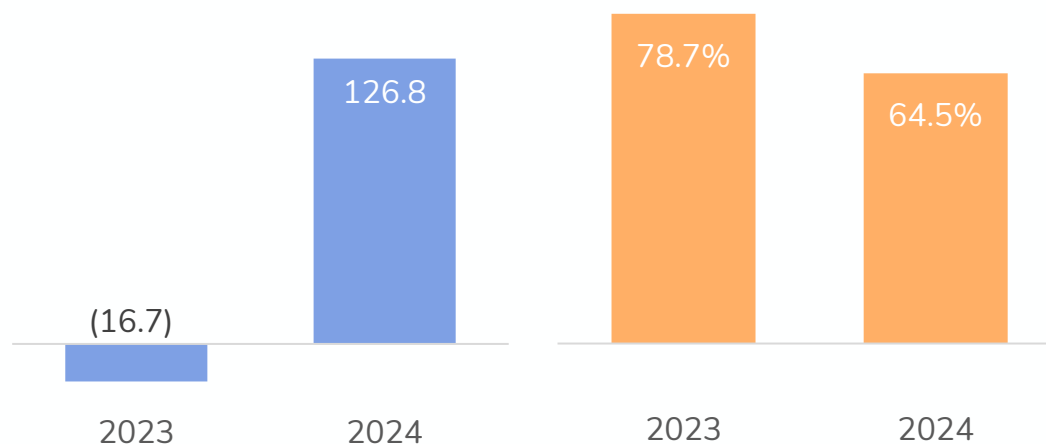
Turnover (£m)



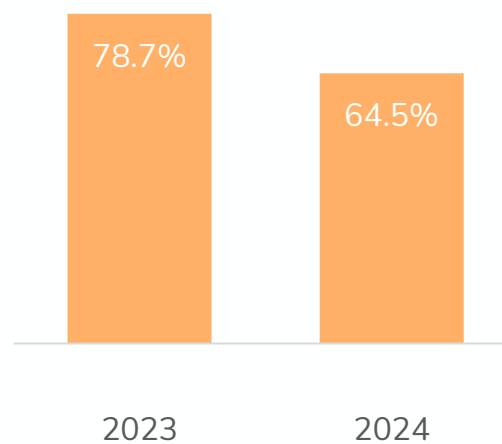
Significant increase in profitability as 2023 and early 2024 written rate earned into the 2024 P&L

- Market underwriting margins were high at the end of 2023 and into early 2024, with profitability above long-term norms
- Market claims frequencies reduced over 2024 H1, allowing rates to soften
- esure average written premiums in 2024 were +11% vs 2023 for Motor, and +16% for Home despite a reduction in risk footprint
- Severity inflation is still elevated, but improving

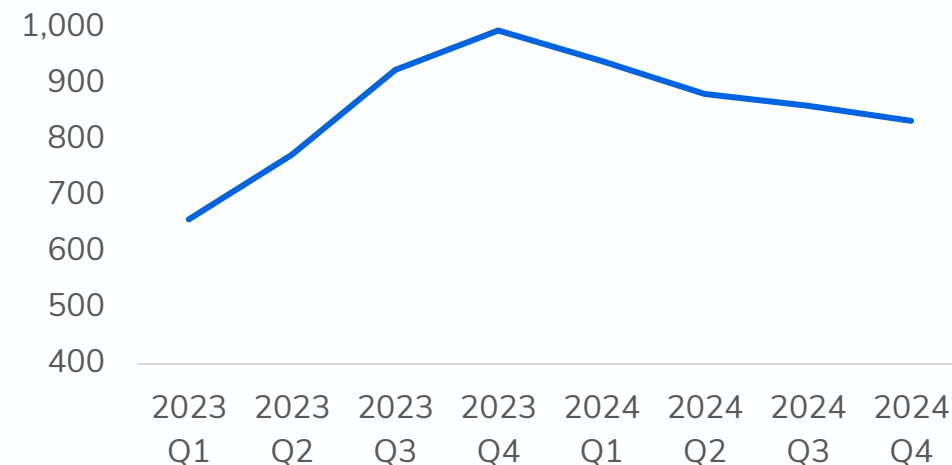
Trading Profit (£m)



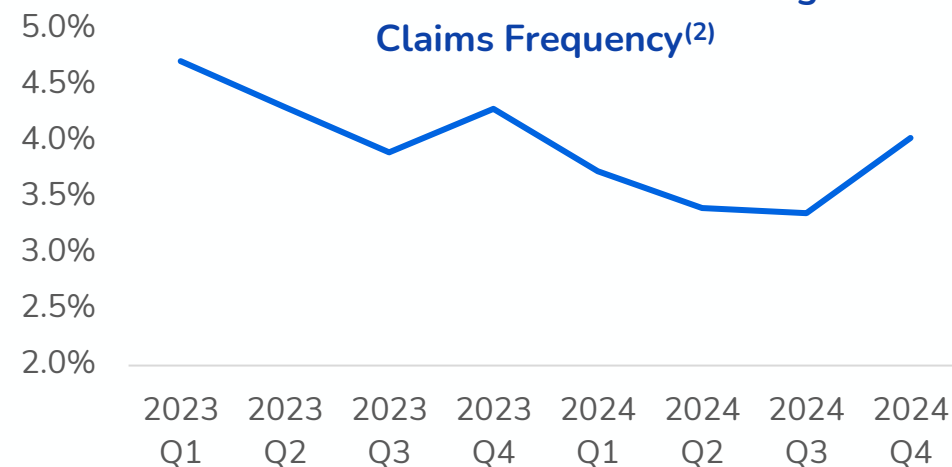
Net Loss Ratio



Motor Market Average Premium (£)⁽¹⁾



Motor Market Accidental Damage Claims Frequency⁽²⁾



The Group's new technology platform enables it to effectively trade through the underwriting cycle

- Our advanced digital platform means we are well placed to deliver low-cost personalised customer experiences using advanced data science to optimise customer service
- 2024 has seen significant improvements in business efficiency and hence expense ratio, along with customer engagement and satisfaction
- We expect our Game Changer strategy to build upon strong underwriting, pricing and claims management discipline through further product launches, automation and data science capabilities in 2025

Expense Ratio

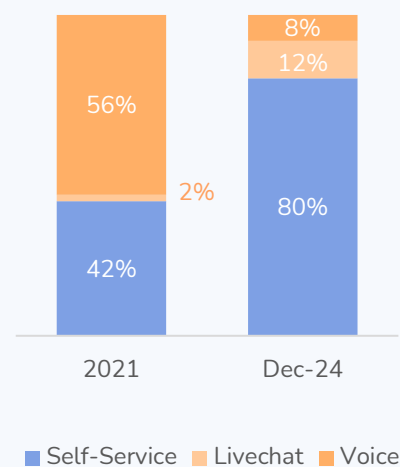


High-quality customer and business outcomes

Strong digital uptake

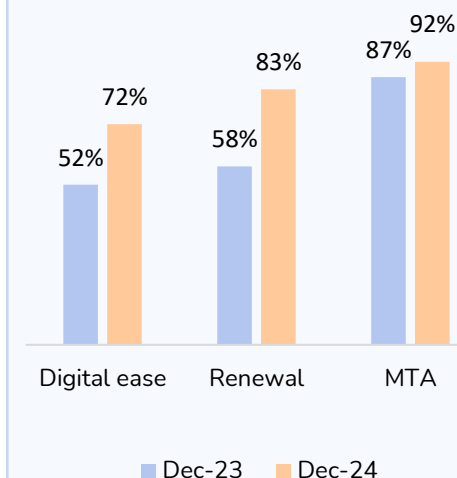
Post-transformation, digital service dominates customer contact

Customer demand by channel

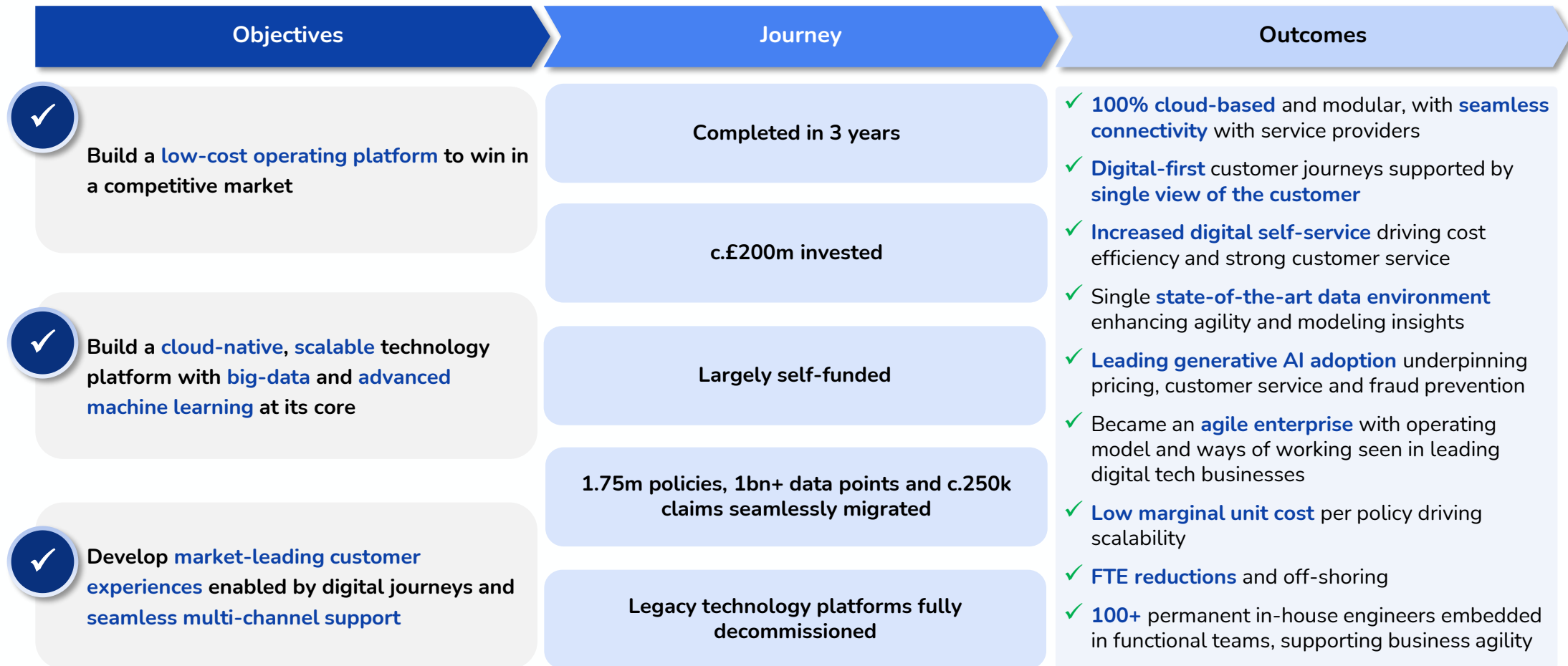


High quality digital journeys

Proportion of customers scoring processes 4-5 for ease (5-point scale)



The transformation programme has delivered our strategic vision to build a low-cost, industry-leading technology and data platform for the UK market



We are well set to compete: our Game Changer strategy has brought together digital transformation with our customer-centric approach to build a significant competitive advantage in this highly fragmented, profitable market

Financial Performance & Balance Sheet

Financial Performance Highlights

	2024	2023	vPY
IFPs (m)	1.54	1.50	2.7%
Turnover (£m)	975.3	858.2	13.6%

CY Net LR	70.7%	81.4%	(10.7)pp
PY Releases	(4.6)%	(2.6)%	(2.0)pp
Reported Net LR	66.1%	78.8%	(12.7)pp

Market conditions remained competitive, but esure traded effectively to grow turnover and in-force policies whilst improving profitability

- In-force policies increased 2.7% over the year, with growth over H2 of 5.7% following completion of legacy technology decommissioning
- Turnover increased 13.6% in 2024 due to growth in average written premium and increasing policy count
- Average written premiums increased 11%
- Reported Motor net loss ratio reduced 12.7pp over the year, with the current accident year loss ratio improving 10.7pp
- The benefit of written rate increases during the last 12 to 18 months has significantly influenced the reduction in loss ratio
- This also reflects elevated market-wide claims severity inflation on damage claims, offset by claims frequencies which decreased over the year
- The benefit of prior year favourable reserve releases on the loss ratio was 2.0pp stronger in 2024 reflecting favourable claims severity and frequency across damage claims in prior years



Financial Performance Highlights

	2024	2023	vPY
IFPs (m)	0.59	0.57	5.0%
Turnover (£m)	136.0	114.9	18.4%

CY Attritional Net LR	63.3%	81.9%	(18.6)pp
Weather Events	(4.9)%	(4.7)%	(0.2)pp
PY Releases	(6.0)%	+0.5%	(6.5)pp
Reported Net LR	52.4%	77.7%	(25.3)pp

Improved rate and volume metrics

- Turnover increased 18.4% in 2024 due to growth in average written premium and increasing policy count
- In-force policies increased 5.0% over the year, with growth in H2 of 13.7%
- The benefit of written rate increases during the last 12 to 18 months has significantly influenced the reduction in loss ratio, with average written premiums increasing 16% over the year
- Home net loss ratio reduced 25.3pp, primarily driven by continued efforts to manage the risk profile away from volatile perils and large losses as well as relatively benign weather during the year
- Favourable prior year reserve releases benefitted the net loss ratio by 6.5pp

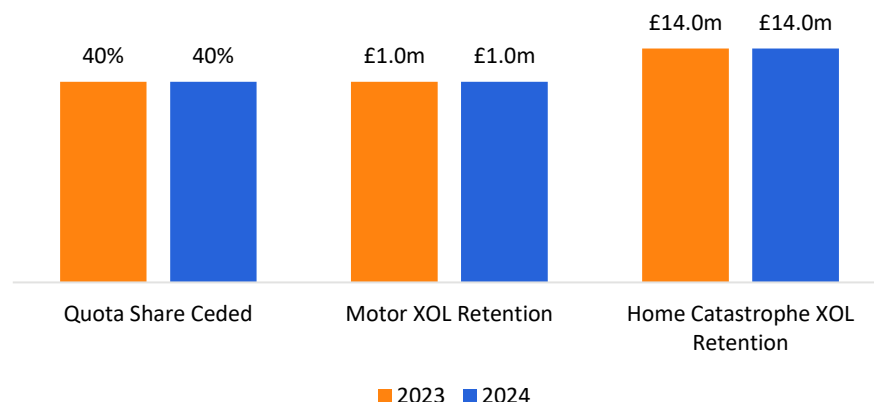
Financial Performance Highlights

	2024	2023	vPY
Motor	146.7	21.5	+582%
Home	29.9	1.1	+2,618%
Central	(49.8)	(39.3)	+26.7%
Trading Profit/(Loss) (£m)	126.8	(16.7)	+859%
Exceptional Investment Performance	2.1	(2.2)	+195%
Non-Trading Costs	(39.6)	(57.3)	(30.9)%
Finance Costs	(14.5)	(12.4)	+16.9%
Profit/(Loss) Before Tax (£m)	74.8	(88.6)	+184%
Expense Ratio	20.0%	23.8%	(3.8)pp
Profit Margin	13.2%	(2.1%)	+15.3pp
Underlying RoTE	39.9%	(10.9%)	+50.8pp
Solvency Coverage	172%	151%	+21pp

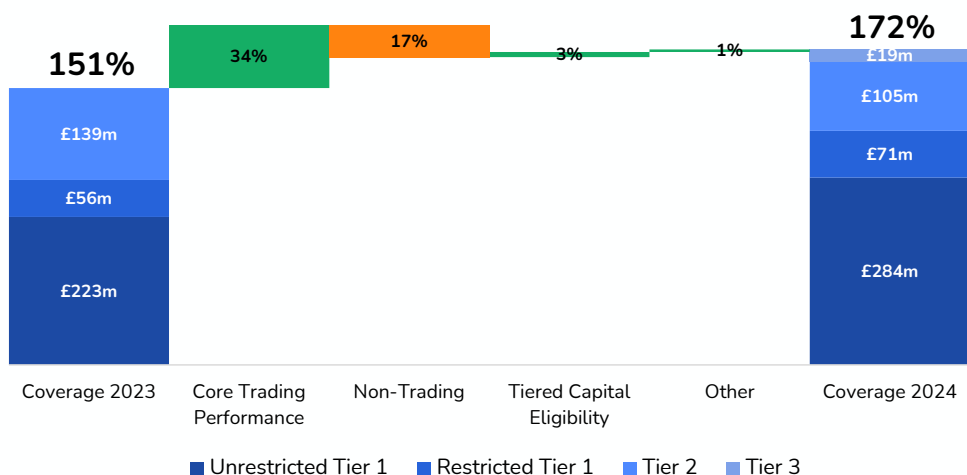
Highlights

- Lower loss ratio and revenue growth driving significantly increased Motor and Home Trading results
- Improved investment performance following benefit of improving book yields on the bond portfolio
- Central costs increased, largely due to strengthening of property and variable pay provisions
- Transformation spend reduced with tail of spend, dual running costs and decommissioning costs in H1 2024
- Expense ratio improved over the year due to increased Net Insurance Service Revenue and a relatively stable cost base. Includes c£3m of dual run costs and higher acquisition costs due to policy growth.
- Solvency coverage increased 21pp and is now above target range reflecting the strength of profitability
 - £25m of Tier 2 debt matured in December 2024

Reinsurance



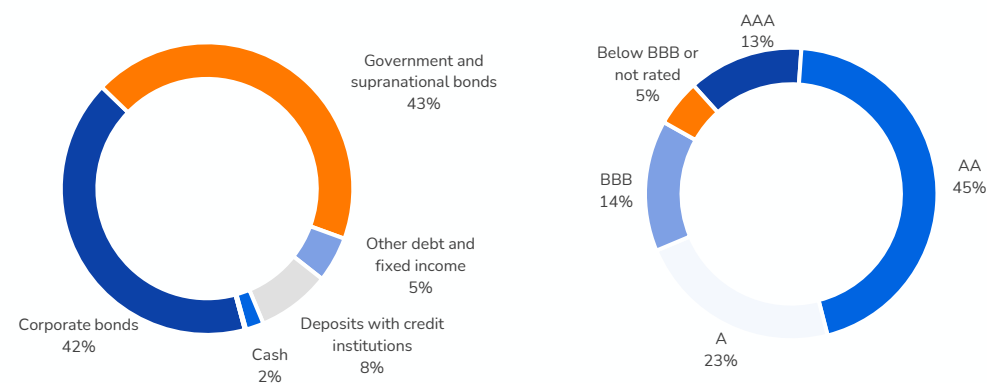
Capital



Highlights

- Consistent reinsurance programme
- Low reinsurance retentions relative to peers and market size – minimal net volatility from Ogden discount rate changes
- Consistent use of quota share to transfer risk and optimise capital requirements – maintained for 2025
- Motor XOL programme renewed for 2025 underwriting year at same retention with reduced ceded margin
- Trading performance significantly improved capital position over 2024
- All tiered capital now fully eligible
- 2014 Tier 2 issuance fully redeemed with final £25m matured December 2024

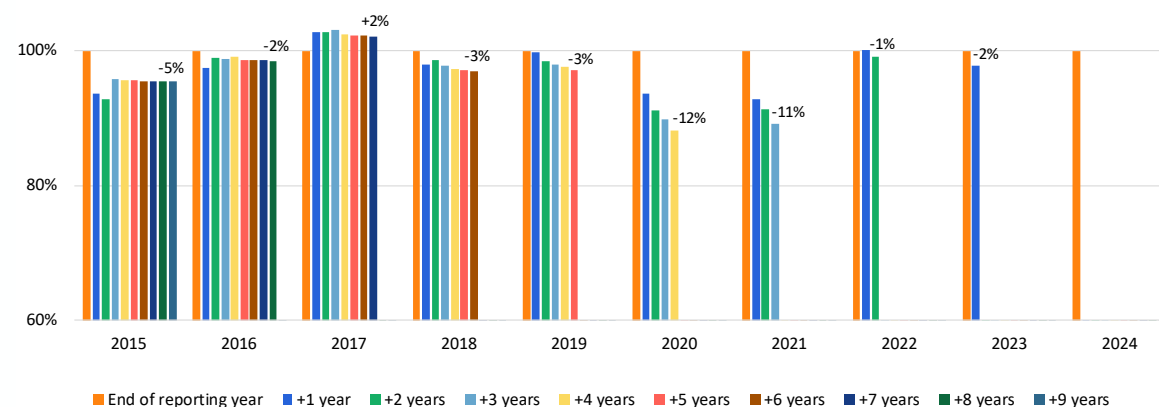
Investments



Highlights

- Highly-rated bond portfolio, with increase in AAA-A rated assets over the year
- Highly-liquid investment portfolio, with slight reduction in cash over the year and increase in bond holdings

Reserving



- Reserves set at 90th percentile reflecting strong reserving approach
- Continued reserve releases albeit 2022 accident year initially saw impact of sustained inflationary pressure

Outlook

Market Outlook

- Near-term Motor market uncertainty following strong 2024 results and change to the Ogden rate
- Inflation remains a feature across the market with 2024 severity inflation continuing at relatively elevated levels – albeit moderated since 2023

esure Outlook

- esure has strong brands focussed on Price Comparison Websites where market distribution is concentrated
- Solid trading performance over 2024 with pricing discipline maintained provides a strong foundation for 2025
- Completion of our transformation journey sets the group up for continued profitable growth, by exploiting the new technology platform and leveraging its product, pricing, data and distribution capabilities, and benefitting from the scalable operating platform

Appendices

Year ended 31 st December	2024 (£m)	2023 (£m)	vPY
Insurance revenue	1,016.9	870.1	+16.9%
Insurance service expense	(754.6)	(825.1)	(8.6)%
Insurance service result before reinsurance contracts held	262.3	45.0	+483%
Net expense from reinsurance contracts held	(129.6)	(64.0)	+102.7%
Insurance service result	132.7	(19.0)	+800%
Total investment income ⁽¹⁾	40.0	34.6	+15.6%
Insurance finance expenses for insurance contracts issued	(35.9)	(24.9)	+44.0%
Reinsurance finance income for reinsurance contracts held	14.0	11.9	+17.6%
Net insurance financial result	150.8	2.6	+5,700%
Other income	28.4	25.1	+13.1%
Other operating expenses	(52.4)	(44.4)	+18.0%
Trading profit / (loss)	126.8	(16.7)	+859%
Strategic investments	(38.9)	(56.6)	(31.3)%
Exceptional investment performance	2.1	(2.2)	+195%
Finance Costs	(15.2)	(13.1)	+16.2%
Profit / (loss) before tax	74.8	(88.6)	+184%
Tax	(17.1)	28.5	+160%
Profit / (loss) after tax	57.7	(60.1)	+196%

- Insurance revenue increased 16.9% due to increases in average written premium and policy volumes
- The movement in the Ogden discount rate has had an impact on both the gross insurance service expense (reduction in gross claims) and the net expense from reinsurance (reduction in reinsurance recoveries)
- Total investment income benefited from improving book yields during the year
- Insurance finance expense / reinsurance finance income reflects unwind of discounting on more recent years subject to higher discount rates
- Other income increased due to higher policy volumes
- Other operating expenses increased due to additional property and variable pay provisions
- Strategic investment costs reduced following conclusion of Transformation programme and decommissioning of legacy systems

Notes: (1) excludes exceptional investment performance

Financial Performance: 2024 Annual Report & Accounts

Year ended 31 st December	2024 (£m)	2023 (£m) (Restated)	vPY
Goodwill and intangible assets	11.2	14.7	(23.8)%
Property, plant and equipment	17.3	23.1	(25.1)%
Financial investments	1,300.2	1,186.6	+9.6%
Reinsurance contract assets	520.6	560.1	(7.1)%
Deferred tax assets	47.0	54.7	(14.0)%
Current tax assets	1.8	1.7	+10.5%
Other debtors	11.7	11.0	+6.0%
Prepayments and accrued interest	15.5	14.6	+6.2%
Cash and cash equivalents	26.2	71.6	(63.4)%
Total assets	1,951.5	1,938.1	+0.7%
Insurance contract liabilities	1,478.3	1,514.5	(2.4)%
Reinsurance contract liabilities	3.2	-	-
Borrowings	96.9	121.1	(20.0)%
Other creditor and payables	49.0	31.6	+55.1%
Deferred tax	-	-	-
Derivative financial liabilities	3.4	1.6	+115.2%
Total liabilities	1,630.8	1,668.8	(2.3)%
Share capital	0.4	0.4	-
Share premium account	95.6	95.6	-
Capital redemptions reserve	44.9	44.9	-
Other reserves	54.9	45.6	+20.4%
Insurance finance reserve	3.3	7.7	(56.5)%
Retained earnings	121.6	75.1	62.0%
Total equity	320.7	269.3	19.1%

- Borrowings now exclude the final £25m of 10-year subordinated notes that were issued by the Group on 18th December 2014, following redemption in December 2024
- Remaining borrowings relate to £100m 10-year subordinated notes that were issued by the Group on 16th June 2023 at the rate of 12.00% per annum
- On 22 July 2021, the Group issued £75m of Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes at a coupon of 6.00%
- 2023 restated following a prior period adjustment to insurance liabilities (Please see Annual Report and Accounts Note 27)
- Increase in other reserves due to increases in fair value of bonds held in other comprehensive income

In-force Policies	is the number of live insurance policies at any point in time and is a key measure of the scale of the Group's engagement with customers.
Turnover	includes insurance revenue, excluding the movement in unearned premium, and other income. This measure is used by management to show the underwriting scale of the Group.
Net Insurance Revenue	is a measure of insurance revenue after allowing for the cost of reinsurance premiums. It is defined as insurance service revenue less the allocation of reinsurance premiums.
Net Total Revenue	includes the net insurance revenue plus other additional services income plus investment income. This measure shows the total income retained by the Group having ceded premium to reinsurance partners.
Net Loss Ratio	is defined as net incurred claims (being insurance service expense less insurance expenses less amounts recoverable from reinsurers) as a percentage of net insurance revenue. This is a key measure of the underwriting performance of the Group.
Expense Ratio	is defined as insurance expenses as a percentage of net insurance revenue.
Combined Operating Ratio	is net loss ratio plus the expense ratio and is a traditional general insurance measure of the profitability of an insurance business.
Trading Profit	is the Group's measure of underlying, long-term profitability. It excludes the impact of costs relating to one-off activity, the categories of which are reviewed by the Audit Committee and approved by the Board. The Group holds a significant investment portfolio over the medium to long-term and therefore the movements seen in a very volatile investment market do not reflect this underlying performance - the Group has therefore disclosed the trading profit before the effect of investment volatility directly resulting from market rate movement in the year.
Profit Margin	is the Group's trading profit as a percentage of net total revenue. This ratio gives a measure of the underlying profitability of the Group. Given the Group's multiple income streams, this is deemed to be a more relevant measure of trading performance than traditional underwriting metrics such as combined operating ratio.
Return on Tangible Equity	is a measure of the Group's return on shareholder investment. Return on equity is a widely understood market measure of returns to shareholders and has been adjusted to exclude rT1 capital from equity with the related coupon treated as a financing cost.
Solvency Coverage	is the measure of available qualifying regulatory capital as a percentage of the capital the Group is required to hold under Solvency II regulations. This is a key measure of balance sheet strength.

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