

FY24 Mid Year Report

Tennessee Topco Limited Group and subsidiaries (“Davies” or “Davies Group” or “Group”)

Financial Results

We are pleased to report that in the six months to December 2023, we have continued to grow revenue organically and have completed one significant acquisition in North America. The organic growth has been driven by a combination of new business, the growth of existing clients and continued pro-active cross selling initiatives. We continue to enhance our go-to-market propositions and leverage relationships across the group to unlock additional cross selling opportunities.

As a validation of the Group’s counter-cyclical and resilient market offering, the growth in the Legal, Insurance Solutions, IRM and newly acquired Specialty programs businesses have been key factors during this period. A period that conversely has also seen a relatively benign storm season in North America and a slow-down in project work in our Consulting business. Overall, the underlying growth within the Group’s recurring business has been strong and this has been a key factor in the positive results reported during this period.

M&A update

In November 2023, we completed a major acquisition in the US – the acquisition of four claims services businesses (American Claims Management (ACM), Preferred Government Claims Services (PGCS), USIS and ICA) from Brown & Brown Insurance (NYSE: BRO, “Brown & Brown”). These four specialist businesses strengthen the Group’s existing TPA offering in property and workers compensation claims, catastrophic loss adjusting & response management, auto and general claims and property liability claims management. Additionally, Davies entered into a long term agreement to become a strategic partner to Brown & Brown, providing a range of outsourced services to the business.

Whilst not included in our financial results to December 2023, in February 2024, we completed a deal to acquire Matson, Driscoll & Damico (“MDD”), One of the largest specialist forensic accounting firms in the world MDD specialises in assessing economic damages in relation to insurance claims, business disputes, natural or man-made catastrophes, business interruption, fraud and product recalls, expert litigation support, business valuations and shareholder disputes. Its team of 330+ professionals serve 1,000+ international clients from 40+ office locations across the globe, including North America, Latin America, Europe, Asia, and Australasia.

MDD will form a new business line within Davies’ Global Solutions division, establishing a new global forensic accounting capability for the Group.

Strategy

Our strategy remains driving further global expansion, increasing investment in technology and digital transformation, and continuing to partner with complementary businesses via M&A. The focus will be on building upon existing service lines that are currently delivered by our 8,000+ strong team of professionals across the UK and Ireland, the US, Canada, Spain, Switzerland, Australasia, Asia & India.

Market Outlook

Davies' core services are predominately delivered for clients in regulated markets, with 85%+ of revenues generated from the insurance industry specifically. Today the group serves more than 1,500 insurance, financial services, public sector, and other highly regulated clients. Due to the nature of regulatory change along with the wider inflationary macro-economic environment, the demand for the services we offer is anticipated to continue to grow. Our belief is that as the insurance industry in particular looks to solutions to drive technology transformation, address weakening operating ratios and comply with increased regulation that this will drive further opportunity for Davies' unique mix of products and services.

Environmental, Social and Governance

ESG Governance

In the six months to December 2023, we appointed our first Group ESG Director, as we continue to scale our investment and impact across environmental, social and governance. This new position reports to the Group Chief HR Officer (Group CHRO) and oversees the ESG function globally. Our ESG Director is responsible for the new ESG strategy, DEI, Davies' Employee Resource Groups, and for driving improvements to corporate governance, sustainability reporting and overall ESG performance.

Our ESG documents and reports including KPIs, and targets can be found on our ESG website - <https://davies-group.com/esg/>

We also formed our ESG Board committee led by our non-executive board member which sits quarterly to review environmental, social and governance matters.

Alongside Davies core structure, the Davies Foundation is managed in line with its charitable objectives by a team of Trustees from Davies, and forms part of Davies community investment strategy.

Environmental Review

As a Group, we have committed to cut our carbon emissions in half by 2030 and to reach carbon net-zero by 2050. This target is aligned with the Science-Based Targets initiative (SBTi) - a globally recognised framework that provides companies with a clear pathway to support the Paris Agreement's goal of limiting global warming to 1.5°C above pre-industrial levels. Our targets are due to be verified by SBTi in 2024.

We maintain a carbon reduction plan that, in addition to setting out our tCO2e for the latest annual period, details our live and future initiatives focused on continuously improving our overall environmental performance and specifically how we are reducing our carbon emissions. This plan is updated regularly and published externally annually.

More information about our environmental strategy can be found in our ESG report.

Social Review

Davies is committed to supporting all of our people and providing them with an inclusive environment in which they can thrive and develop. We do this through a wide range of policies, procedures and initiatives, and we promote a culture that embraces diversity.

In 2024 we are refreshing our DEI strategy with a focus on education and engagement. We are also ramping up support for our Employee Resource Groups (ERGs) and welcome the formation of two new groups in 2024.

Our groups include:

- My culture and heritage
- LGBTQ+
- Working families and caregivers
- Supporting our health and wellbeing
- Women's Network (new in 2024)
- Eco Davies (new in 2024)

We continue to embed Diversity measures in the workplace and in personnel systems, for example the Equal Opportunities policy, Recruitment & Selection policy, Anti-Discrimination policy and procedures, and Licence to Hire training for recruiting managers on D&I and biases. We know that DEI is an ongoing commitment and continue to implement positive change. In our 2023 ESG Report we reported more than two genders in our diversity data and hope this shows a commitment to represent our people accurately and helps to create a safe space for further disclosures that will allow our people to bring their authentic selves into the workplace.

More information about our social strategy can be found in our ESG report.