Lemonade

Solvency and Financial Condition Report 2024

Lemonade Insurance N.V.

CONTENTS

Introduction

This report is the Solvency and Financial Condition Report (**"SFCR"**) of Lemonade Insurance N.V. for the reporting period that ended December 31, 2024, pursuant to Articles 51, 53 and 54 of Directive 2009/138/EC (as amended, the **"Directive"**) – as implemented in Article 3:73c of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, **"DFSA"**) and the lower rules and regulations promulgated thereunder – and Chapter XII Section 1 and Annex XX of Delegated Regulation (EU) 2015/35 (as amended, the **"Delegated Regulation"** and, together with the Directive, the **"Solvency II Regulations"**) and relevant EIOPA Guidelines, in particular 'Guidelines on reporting and public disclosure' (EIOPA-BoS-15/109) as issued by the European Insurance and Occupational Pensions Authority (**"EIOPA"**).

Lemonade Insurance N.V. is required to submit Quantitative Reporting Templates (**"QRTs"**) to its supervisor, the Dutch Central Bank (De Nederlandsche Bank, **"DNB"**); the figures presented in this report are in line with these QRTs.

This Report includes reporting of the Solvency II valuation undertaken as of December 31, 2024 and the associated capital position for the Company.

Other than in the case of the Annual Report, or as otherwise specified, amounts presented herein are unaudited.

Presentation of information

The figures reflecting monetary amounts in the SFCR are presented in thousands of Euros (€ thousand) unless otherwise stated.

In case IFRS figures are disclosed, the figures are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (**"IFRS-EU"**).

Cautionary statement regarding forward looking statements

This SFCR may include statements with respect to future events, trends, plans, expectations or objectives and other forward-looking statements relating to Lemonade Insurance N.V.'s future business, financial condition, results of operations performance, and strategy.

Forward-looking statements are not statements of historical fact and may contain the terms "may", "will", "should", "continue", "aims", "estimates" "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates" or words of similar meaning.

Such statements are based on Lemonade Insurance N.V. 's management views and assumptions as of the date of this SFCR and, by nature, involve known and unknown risks and uncertainties. Therefore, undue reliance should not be placed on them.

Actual financial condition, results of operations, performance, or events may differ materially from those expressed or implied in such forward-looking statements, due to several factors including, without limitation:

- general economic and political conditions;
- future financial market performance and conditions, including fluctuations in exchange and interest rates;
- frequency and severity of insured loss events, and increases in loss expenses;
- persistency levels;
- changes in applicable rules and regulations; and
- general competitive factors, in each case on a local, regional, national and/or global basis.

Many of these factors may be more likely to occur, or more pronounced, as a result of catastrophic events, including climate-related catastrophic events.

Please refer to Part C – “Risk Profile” of this SFCR for a description of certain important risks and uncertainties that may affect Lemonade Insurance N.V.'s business and/or results of operations.

Lemonade Insurance N.V. assumes no obligation to update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as required by applicable laws and regulations.

Executive summary

Scope of the report

This SFCR contains both quantitative and qualitative information. The main focus of this report is on the Solvency II Balance Sheet, its relation to IFRS and on the Solvency Capital Requirement and Minimum Capital Requirement. Material differences between Lemonade Insurance N.V.'s financial statements based on IFRS-EU and the Delegated Regulation Solvency II are discussed in Chapter D. Valuation for Solvency Purposes.

Basis of presentation

This report is prepared in accordance with the requirements of the Solvency II Directive and Delegated Regulation (in particular Articles 51, 53 and 54 of the Solvency II Directive (as implemented in Dutch law)), Chapter XII Section 1 and Annex XX of the Delegated Regulation, and relevant EIOPA Guidelines, in particular, 'Guidelines on reporting and public disclosure' (EIOPA-BoS-15/109) as issued by EIOPA.

The figures reflecting monetary amounts in the SFCR are presented in Euro (€) being the functional currency of Lemonade Insurance N.V. unless otherwise stated. Lemonade Insurance N.V. discloses monetary amounts in thousands of euros for disclosing purposes. All values are rounded to the nearest thousand Euro unless otherwise stated. The rounded amounts may therefore not add up to the rounded total in all cases. All ratios and variances are calculated using the underlying amount rather than the rounded amount.

This SFCR may include statements with respect to future events, trends, plans, expectations or objectives and other forward-looking statements relating to Lemonade Insurance N.V.'s future business, financial condition, results of operations performance, and strategy. No undue reliance should be placed on these forward-looking statements and Lemonade Insurance N.V. assumes no obligation to update or revise any of these forward-looking statements.

In case IFRS figures are disclosed, the figures are prepared in accordance with the IFRS-EU.

The 2024 SFCR of Lemonade Insurance N.V. has been prepared and disclosed under the responsibility of the Lemonade Insurance N.V.'s Management Board and was approved by the Management Board on April 08, 2025.

Summary

The 2024 SFCR provides Lemonade Insurance N.V.'s stakeholders with insight into:

A. Business and performance

Lemonade Insurance N.V. is a non-life insurer that forms part of the Lemonade Group (as defined in section A.1.1. Profile of the Lemonade Group). Lemonade Insurance N.V. was granted its licence as a non-life insurance Company by DNB on May 20, 2019, and has since launched its products in Germany, the Netherlands, France and the United Kingdom (UK).

Lemonade Insurance N.V. offers Contents and Personal Liability insurance in Germany and the Netherlands, Renters, Home, and Landlord insurance in France, and Contents and Building insurance in the United Kingdom.

In 2020, Lemonade Agency B.V., a member of the Lemonade Group, received a licence to act as an authorized agent (*gevolmachtigd agent*) with the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*, **"AFM"**). As of November 1, 2020, Lemonade Agency became operational and is acting as an agent for Lemonade Insurance N.V. in the European markets.

During 2024 Lemonade Insurance N.V. had € 11,3 million of earned premium and incurred € 6.6 million of undiscounted gross loss and loss adjustment expenses. The Company is confident that as the book matures, rate changes earn in and further scale is reached, the loss ratio will follow a similar improvement trajectory as observed in our US Renters portfolio.

The Lemonade Group intends to continue expanding its operations through its Dutch subsidiary into additional EU countries and by launching new products in existing markets. During the reporting year, Lemonade Insurance N.V. continued to enhance its product range in its existing markets by launching Buildings insurance in the UK and Homeowners and Landlords insurance in France.

Full details on Lemonade's business and performance are described in chapter A. Business and performance.

B. System of governance

Lemonade Insurance N.V. has implemented a system of governance in line with applicable rules and regulations. The Management Board composition in 2024 included a Mr. Ron Voortman as Chair, Mr. Ori

Hanani as Deputy Chair, Ms. Emmanuelle Barralis as Management Board member, and Mr. Sarvesh Ramachandran as Management Board member.

General governance

Lemonade Insurance N.V.'s Management Board is charged with the overall management of the Company and is responsible for achieving Lemonade Insurance N.V.'s goals, developing the strategy and its associated risk profile, and overseeing the development of Lemonade Insurance N.V.'s earnings. Lemonade Insurance N.V.'s Management Board is assisted in its work by experts within the Lemonade Group.

Within the Management Board there is a clear segregation of duties between first line and second line functions and areas of responsibility.

Lemonade Insurance N.V.'s Supervisory Board oversees the performance of the Management Board, in addition to the Company's business and strategy. It is also responsible for advising the Management Board. The Supervisory Board counts four members as of December 31, 2024. The majority of the members of the Supervisory Board are independent and operate independently in accordance with the Principles and requirements of DNB's Suitability Policy Rule 2012 (*Beleidsregel geschiktheid 2012)*. Given the members' different professional and educational backgrounds, ages and range of knowledge and experience, the Supervisory Board has a broad-based membership. The following Supervisory Board committees exist:

- Audit and Risk Committee; and
- Remuneration Committee;

These committees are exclusively comprised of Supervisory Board members and deal with specific issues related to Lemonade Insurance N.V.'s financial accounts, risk management, the remuneration policy and executive appointments.

In addition to the corporate bodies, described above, the Company has in place a number of key functions, as required under Solvency II (as implemented in Dutch law). These key functions are described below, in the section 'control environment'.

Risk management

Lemonade Insurance N.V.'s risk management framework is designed and implemented to identify and manage potential events and risks that may affect the Company's operation in any way. It is aimed to identify and manage operational, financial & solvency, compliance and financial reporting risks on both an individual and aggregate risks level within Lemonade Insurance N.V. The objective is to ensure the

Company is measurably operating within its risk tolerance and ideally within its risk appetite. The risk management framework is based on industry best practice and includes well-defined risk governance structures, such as the:

- Supervisory Board;
- Management Board;
- Underwriting and Risk Committee, and
- Capital Management & Investment Committee.

Control environment

In addition to the risk management framework, Lemonade Insurance N.V.'s Solvency II control environment is implemented in line with the industry standard "three lines of defense"-approach. Mandatory functions consist of a compliance, actuarial, risk and internal audit function. The internal control system serves to facilitate compliance with applicable laws, regulation and administrative processes. It also enables Lemonade Insurance N.V. to be in control of its operations with an adequate control environment including appropriate control activities for key processes. The actuarial function has end-to-end accountability for the adequacy and reliability of reported technical provisions, including policy setting and monitoring of compliance regarding actuarial risk tolerance and risk transfer. Lemonade Insurance N.V.'s Internal Audit function is independent and objective in performing its duties in evaluating the effectiveness of Lemonade's internal control system. The Risk function is responsible for coordinating the overarching risk management activities and for identifying potential risks and the Compliance function is accountable for identifying the relevant laws, regulations and standards applicable to Lemonade Insurance N.V. and translating these into compliance obligations.

Please refer to section B. System of Governance for a detailed description of Lemonade Insurance N.V.'s system of governance.

C. Risk profile

Lemonade Insurance N.V. accepts and manages risk for the benefit of its customers and other stakeholders. The Company's risk management and control systems are designed to ensure that these risks are managed effectively and efficiently and are aligned with Lemonade Insurance N.V.'s strategy. The targeted risk profile is determined by customers' needs, the Company's competence to manage the risk, its preference for risk as well as by the availability of sufficient capacity and capital to take the risk. Lemonade Insurance N.V. is exposed to underwriting, market, credit, liquidity and operational risks.

As of December 31, 2024, the Solvency Capital Requirement amounted to € 12,806 thousand which is above the Minimum Capital Requirement, according to the Directive.

Solvency Risk	Capital requirement (€ thousand)
Market risk	4,471
Counterparty default risk	1,387
Health underwriting risk	24
Non-life underwriting risk	8,015
Diversification benefit	(3,018)
BSCR	10,880
Operational risk	367
Adjustment due to RFF	1560
LAC DT	not applied
SCR	12,806

The United Kingdom branch operations are currently classified as a ring fenced fund. Under Solvency II, the capital requirements related to this ring-fenced fund ('**RFF**') do not diversify with those of the rest of the company. Full details on Lemonade Insurance N.V.'s risk profile are described in chapter C. Risk profile.

D. Valuation for solvency purposes

Lemonade Insurance N.V. values its Solvency II balance sheet items on a basis that reflects their economic value. Where the fiscal fair value is consistent with Solvency II requirements, the Company follows this for valuing assets and liabilities other than technical provisions. The fiscal value is also the starting point for the IFRS balance sheet.

The reconciliation of Excess Assets over Liabilities (Solvency II basis) and Shareholder's Equity (IFRS-EU basis) is mainly due to revaluation differences regarding gross technical provisions and related reinsurance recoverables.

Full details on the reconciliation between Lemonade Insurance N.V.'s economic balance sheet based on Solvency II and consolidated financial statements based on IFRS-EU are described in chapter D. Valuation for solvency purposes.

E. Capital management

The risk appetite target for the Solvency II ratio (Eligible own funds divided by Solvency Capital Requirement or if higher Minimum Capital Requirement) of Lemonade Insurance N.V. is set at 135% of the binding capital requirement. The lower limit risk tolerance Solvency II ratio is 110% of the Solvency

Capital Requirement. As of December 31, 2024, the Solvency Capital Requirement ratio was 223% in excess of the lower limit risk appetite target.

Solvency II key figures for Lemonade Insurance N.V. are presented as of December 31, 2024, in the following tables:

Eligible own funds	28,549
Standard Formula SCR	12,806
Solvency II ratio to SCR	223%

Own Funds are classified into different tiers, indicating their quality and availability to fully absorb losses. Total own funds of Lemonade Insurance N.V. only include Unrestricted Tier 1 capital. There is an adjustment made due to the restricted own funds coming from the ring fenced fund. With respect to the own funds of the Company, the liability calculation does not include the use of the Volatility Adjustment.

During 2024, there were no instances in which the estimated Solvency ratio was below the minimum tolerated Minimum Capital Requirement and the Solvency Capital Requirement levels.

Full details on the Company's available and eligible own funds are described in section E.1 Own funds. Lemonade Insurance N.V.'s Standard Formula Solvency Capital Requirement and Minimum Capital Requirement are described in section E.2.1 Solvency Capital Requirement respectively E.2.2. Minimum Capital Requirement.

A. Business and performance

A.1 Business

This chapter of the SFCR contains general information on Lemonade Insurance N.V., the Lemonade Group (as defined below), a simplified organizational structure and Lemonade Insurance N.V.'s financial performance over 2024.

A.1.1 Profile of the Lemonade Group

The Lemonade group – the group of companies under common control of Lemonade, Inc. (the "Lemonade Group" or the "Group") – was founded in August 2015 by Daniel Schreiber and Shai Wininger, with the mission to harness technology and social impact to be the world's most loved insurance company.

The Lemonade Group is rebuilding insurance from the ground up on a digital substrate and an innovative business model. By leveraging technology, data, artificial intelligence, contemporary design, and social impact, the Group believes it is making insurance more delightful, more affordable, and more precise. To that end, it has built a vertically-integrated company with wholly-owned insurance carriers in the United States and Europe, and the full technology stack to power them.

The Lemonade Group commenced operations in September 2016, with the launch of its homeowners, condo and renters insurance policies in New York State through its New York domiciled, fully regulated carrier – Lemonade Insurance Company – and its agency, Lemonade Insurance Agency LLC. As Lemonade Group customers move up the economic ladder and through lifecycle events, their insurance needs evolve to higher value products: renters continuously acquire more property and frequently upgrade to successively larger homes. Growing households often need car, pet, and life insurance, and additional coverage. These progressions regularly trigger orders of magnitude jumps in insurance premiums, and within states that offer all of Lemonade's "suite of products" - Renters, Home, Car, Pet, and Life - Lemonade Group sees a growing proportion of customers with multiple Lemonade policies and see ripe opportunities for the business.

In mid 2019, the Lemonade Group – through Lemonade Insurance N.V. (the "Company")– expanded its operations into the European Union ("EU") and holds an EU licence, which enables it to sell in 30 countries across Europe. The Company commenced operations in Germany in 2019, and in the Netherlands and France in 2020. In October 2022, the company began selling insurance in the United Kingdom ("UK") on a cross border basis under the UK's Temporary Permission Regime. The Company expanded its offerings to include Buildings insurance in both France and the UK in April and July, respectively. The Lemonade Group also registered two UK branches: (i) Lemonade Insurance N.V., UK Branch and its affiliate (ii) Lemonade Agency B.V., UK Branch. In May and June 2023 respectively, Lemonade Group received a third country authorization in the UK for both of these registered branches allowing the Company to operate on a permanent basis in the UK market.

A.1.2 Lemonade Group strategy - providing 21st century insurance

The Lemonade Group has been designed to combine the best practices of the technology industry with those of the insurance industry to tailor a solution that best fits its customers. Lemonade's strategy is aimed at solving key pain points for its customers through its advanced digital insurance products, for example by using clearly worded policies, reducing long claims handling time and eliminating the need for complex, time-consuming interactions with the insurer during the life of the policy.

The Lemonade Group harnesses artificial intelligence ("AI") and machine learning together with behavioral economics (including its Giveback program, as further described below) to create better, affordable, and more customized accurate insurance products. AI and machine learning allow a leaner cost structure and better risk management, which can contribute to lower loss and expense ratios. In addition, behavioral economics elements embedded in Lemonade Group's business model and products positively motivate customers and diminish fraud and associated costs. Given the limited scale in data in the EU, this use of AI is not yet material compared to the use of AI in the U.S.

A.1.3 The Lemonade Giveback program

Giveback (the "Giveback") is a distinctive feature, whereby each year we aim to donate leftover money to causes our customers care about. After our customers purchase a policy, we ask them to select, from a pre-vetted list, a charitable cause to support with the residual premiums from their policy. Behind the scenes, customers who select the same charitable cause are classified as members of the same "cohort." Once a year we look at the loss ratio of each cohort, and provided that we pass the financial ratio tests required by our regulators, we aim to donate the funds remaining, if any, to the charitable cause selected by that cohort. Cohorts with a loss ratio above 40% usually will not receive a Giveback. The Giveback is paid only if payment is authorized by our board of directors in its sole discretion and consistent with its duty of care.

Lemonade Insurance N.V. will adhere to the relevant Lemonade Group policies relating to the Giveback, as verified by its Underwriting Risk Committee and/or the Capital Management and investment Committee, before recommending the Giveback for Management Board approval. In any case, no approval for a Giveback will be given before Lemonade Insurance N.V. has ascertained that the Giveback does not conflict with Solvency II and regulatory capital requirements in any way. In July 2024, the Company donated twenty two thousand Euros to 9 charities in Europe through the Giveback program.

A.1.3 The Lemonade Foundation

The Lemonade Foundation is a nonprofit founded and funded by Lemonade Insurance N.V.'s ultimate parent company – Lemonade, Inc.

In 2020, Lemonade, Inc. by a unanimous vote of its Board and shareholders, issued 500,000 shares of common stock as the initial endowment of the Lemonade Foundation, a 501(c)(4) social welfare organization established under Arizona, United States Of America law. By contributing approximately 1% of its common stock to the Lemonade Foundation, The Company hopes to promote charitable giving and other community-centric activities with a nexus to its community. This is in addition to the Company's embedded Giveback program, through which it donates a portion of its underwriting profits to nonprofits chosen by its customers.

In addition, the Foundation launched a first of its kind blockchain based insurance product for the world's most vulnerable farmers. The product was built with a goal of protecting subsistence farmers against the effects of climate change. Thousands of families in Kenya have already been protected by this product, and the Foundation expects to continue scaling this product in the coming months. The product was launched as part of the Lemonade Foundation Crypto Climate Coalition - in cooperation with a number of strategic partners: Hannover Re,Pula, Chainlink, Avalanche, Etherisc and DAOstack.

While the Lemonade Foundation was founded and funded by Lemonade, Inc. and Lemonade's founders currently serve as its directors, the Foundation is structured as an independent legal entity and is not owned or controlled by Lemonade or its shareholders.

A.1.4 Name, details, and legal form of the undertaking

Lemonade Insurance N.V. is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands and registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under its registered address at Spuistraat 112a, 1012 VA Amsterdam, Netherlands with registration number 73227420.

Lemonade Insurance N.V. was granted its license as a non-life insurance company (as meant in Article 2:27 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, **"DFSA"**)) by the Dutch Central Bank (*De Nederlandsche Bank*, **"DNB"**) on May 20, 2019 and has launched in Germany, the Netherlands, France and the UK since. During May 2023 the UK branch establishment of Lemonade Insurance N.V.; Lemonade Insurance N.V., UK Branch, received third country branch authorisation (under Part 4A of the Financial Services and Markets Act 2000) from the Prudential Regulation Authority (**"PRA"**) in the UK.

This allows the company to operate in the UK market on an indefinite basis. Lemonade Insurance N.V., UK Branch is also subject to financial conduct regulation by the Financial Conduct Authority (**"FCA"**) in the UK.

Lemonade Insurance N.V. is a wholly owned subsidiary of Lemonade B.V., which in turn is directly and wholly owned by Lemonade, Inc. Lemonade B.V. is an insurance holding company within the meaning of Article 212 of the Second European Solvency Directive (Directive 2009/138/EC, **"Solvency II"**), as implemented in Article 1:1 DFSA.

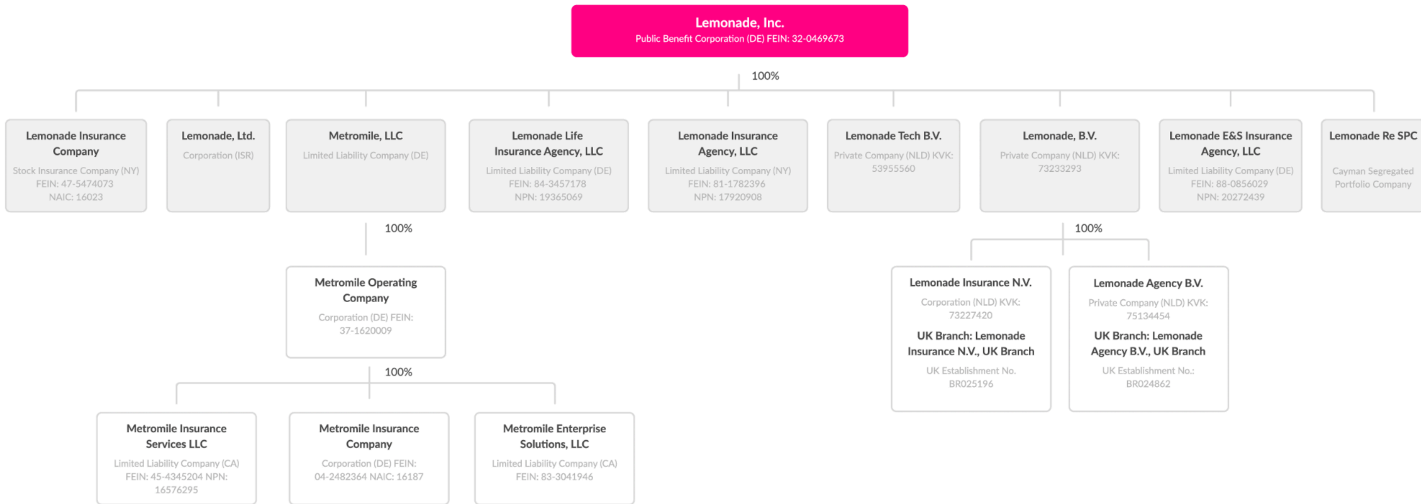
As such, the sub-group comprised of Lemonade B.V. as parent and Lemonade Insurance N.V. as subsidiary is an EU sub-group within the meaning of Article 213(2)(b) of Solvency II, as implemented in Article 3:285 (2) DFSA.

Lemonade B.V. is also the direct shareholder of Lemonade Agency B.V. (**"Lemonade Agency"**). Lemonade Agency has received a license to act as an authorized agent (*gevolmachtigd agent*) with the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*, **"AFM"**). As of November 1, 2020, Lemonade Agency became operational and is acting as an agent for Lemonade Insurance N.V. in the European markets. Prior to that, over the reporting period, Lemonade Insurance N.V. handled these responsibilities. Lemonade also registered the establishment of two UK branches: (

i) Lemonade Insurance N.V., UK Branch (**"NV U.K."**) and its affiliate
(ii) Lemonade Agency B.V., UK Branch (**"BVA U.K.'**') with Companies House in the UK.

Following the establishment of the respective branches, we filed the application of Lemonade Insurance N.V. for Part 4A approval and third country branch authorisation to undertake general insurance activities in the UK and the application of Lemonade Agency B.V. for Part 4A approval and third country branch authorisation to undertake insurance intermediary activities in the UK. In May 2023 and June 2023 respectively Lemonade Insurance N.V., UK Branch, and Lemonade Agency B.V., UK Branch received Part 4A approval and third country branch authorisation to operate in the UK on an indefinite basis.

The simplified group structure is depicted below.



A.1.5 Authorizations

Lemonade Insurance N.V. is licensed for the following classes of non-life insurance prescribed in Annex I (Classes of Non-Life Insurance) to Solvency II (as implemented in the *Bijlage branches* of the DFSA):

Class 1 (accident)

Class 7 (goods in transit)

Class 8 (fire and natural forces)

Class 9 (other damage to goods)

Class 13 (general liability)

Class 16 (miscellaneous financial losses)

Next to being authorised to operate in its home country the Netherlands, Lemonade Insurance N.V. is authorised to do business in Germany and France on a freedom of services basis, in accordance with the relevant provisions of Solvency II. In May 2023, the Company's UK branch establishment, Lemonade Insurance N.V., UK Branch received third country branch authorisation from the Prudential Regulation Authority in the UK having previously began selling contents insurance in the United Kingdom (**"UK"**) in October 2022 on a cross border basis under the UK's Temporary Permission Regime (**"TPR"**).

A.1.6 Name of the Supervisory Authority responsible for the financial supervision of the Undertaking

Lemonade Insurance N.V.

Name: De Nederlandsche Bank N.V. (DNB)

Visiting address: Spaklerweg 4, 1096 BA Amsterdam

Phone number (general): +31 800 020 1068

Phone number (business purposes): +31 20 524 9111

Email: info@dnb.nl

Lemonade Insurance N.V., UK Branch

Name: Prudential Regulation Authority (PRA)

Visiting address: 20 Moorgate, London EC2R 6DA

Phone number (general): +44 020 3461 4444

Phone number (business purposes): +44 020 3461 4878

Email: enquiries@bankofengland.co.uk

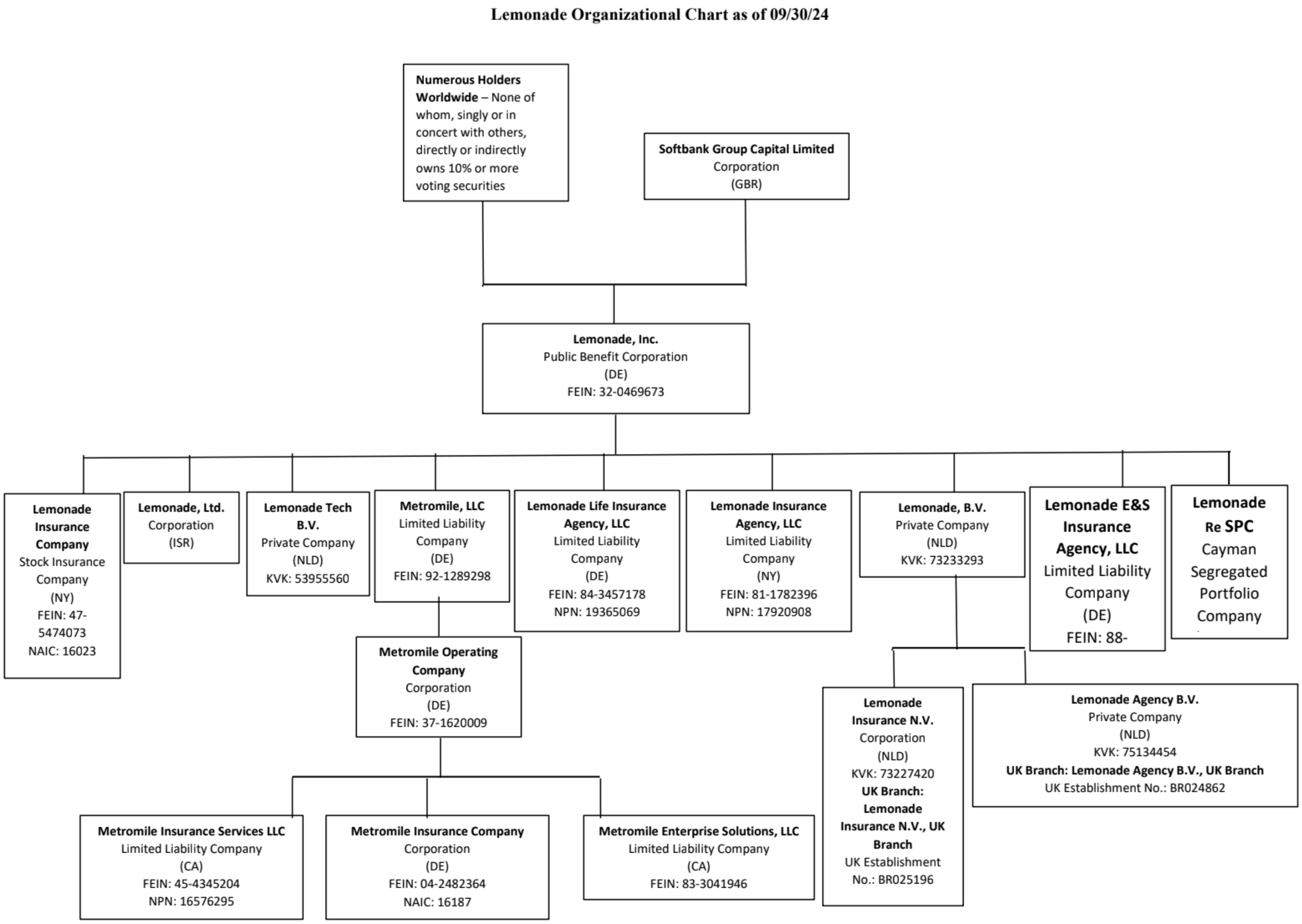
A.1.7 Name and contact details of the external auditor of the undertaking

Name: Ernst & Young

Visiting address: Cross Towers, Antonio Vivaldistraat 150, 1083 HP Amsterdam

Phone number: +31 88 407 1000

A.1.8 Group structure



A.1.9 Qualifying holdings

A ‘qualifying’ holding is a direct or indirect holding in Lemonade Insurance N.V. which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking. As of December 31, 2023, the following individuals and organisations held a qualifying holding in Lemonade Insurance N.V.: Lemonade B.V., Lemonade Inc., Mr. Daniel Schreiber, Mr. Shai Wininger and SoftBank Group Capital Limited.

Business overview

A.1.10 Material lines and geographical areas of business

Lemonade Insurance N.V. has launched in the EU with Contents, Personal Liability, Renters, Homeowners, Landlords and Buildings insurance, with a basic layer covering common perils for each specific market and a flexible way for the customers to choose additional coverages as required.

Standard perils to be covered under this policy include:

- fire, smoke and explosion;
- theft, burglary and vandalism;
- water damage caused by burst pipes or leaking appliances;
- hail, storm, lightning, flood and other natural catastrophes; and
- bodily, financial and property damages of third parties.

The Company's insurance product is based on simple, straightforward, and clear policy language. The objective is for customers to be able to easily understand and control their coverage.

Customers are demonstrating an appetite for digital adoption, but the insurance market is still very traditional and incumbents are not offering significant innovation. Lemonade identified Germany as a good place to start the European expansion followed by the Netherlands, France and the UK.

A.1.11 Significant business developments or other events

The Lemonade Group intends to continue expanding its operations through its Dutch subsidiary into additional EU countries and by launching new products in existing markets. During the reporting year, Lemonade Insurance N.V. continued to enhance its product range in its existing markets by launching Buildings insurance in the UK and Homeowners and Landlords insurance in France.

A.1.11.1 Expectations for 2025

In 2025 the company will continue to expand its product range in existing markets and focus on enhancing its distribution presence. As the company scales, further usage of data science models is expected allowing for better predictability of risk and (Gen)AI models will be applied to deliver further efficiency and automation of the operation. This in combination with further growth and diversification of the portfolio is expected to support improving profitability. The Lemonade Group will continue to support Lemonade Europe by facilitating the growth of the company and ensuring adequate solvency positions at all times.

A.2 Underwriting performance

In 2024 Lemonade Insurance N.V. wrote € 18,572 thousand in premium and earned € 11,305 thousand in premium. The Company experienced € 6,608 thousand of undiscounted incurred loss and (Allocated) Loss Adjustment Expenses (**"ALAE"**). The Company used a number of benchmarks including industry loss development and claim reporting patterns to ensure that its reserves were set at an adequate level. The loss and ALAE ratio is improving year on year and the Company is confident that as the book becomes more mature and gains scale the loss and ALAE ratio will drop to a sustainable level similar to its US launch experience. In this paragraph, we highlight the key contributors to the underwriting performance by line of business and country of origin, where earned premium is partially coming from business written in the prior year.

	Germany		The Netherlands		France		UK	
(€ thousand)	2024	2023	2024	2023	2024	2023	2024	2023
Written premium	903	969	3,539	3,065	4,293	2,215	9,837	2,411
Earned premium	759	712	2,780	2,154	3,160	2,147	4,606	995
Claims incurred	913	765	2,583	2,007	2,692	2,599	2,421	1,313

	Contents		Liability		Accident	
	2024	2023	2024	2023	2024	2023
Written premium	15,789	7109	2,694	1,551	88	0
Earned premium	9,456	4889	1,808	1,119	41	0
Claims incurred	6,654	4799	1,940	1,886	14	0

A.3 Investment performance

The Company currently only invests part of its capital in liquid, strong rated European government bonds and holds liquid cash assets in its bank accounts.

A.4 Performance of other activities

Not applicable.

A.5 Any other information

All relevant information is covered in the previous sections.

A.6 Major Development - Political, economic and military Instability in Israel

Lemonade maintains offices in Israel and some of its officers, employees and directors are located in Israel, including our Co-Founders and some of our product development staff, help desk and online sales support operations. As of December 31, 2023, we had approximately 294 full-time employees in Israel. Although we do not currently sell our insurance products in Israel, political, economic and military conditions in Israel and the surrounding region may directly affect our Israeli operations. In recent years, including most recently in October 2023, Israel has been involved in sporadic armed conflicts with Hamas, an Islamist terrorist group that controls the Gaza Strip, with Hezbollah, an Islamist terrorist group that controls large portions of Southern Lebanon, and with Iranian-backed military forces in Syria. Some of these hostilities, including the most recent attacks by Hamas in October 2023, were accompanied by missile strikes from the Gaza Strip against civilian targets in various parts of Israel, including areas in which our officers, employees and directors are located, and negatively affected conditions in Israel. The tension between Israel and Iran and/or these groups continues to escalate and may turn even more violent in the future, which could materially adversely affect conditions in Israel in general and our operations in particular.

Furthermore, many Israeli citizens are obligated to perform several days, and in some cases more, of annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. In response to the recent terrorist activity, there have been call-ups of military reservists and it is possible that there will be increases in military reserve duty call-ups in the future. Some of our officers and employees based in Israel have been called upon to perform military reserve duty and/or active duty, and others may be called in the future. Our operations have been and may continue to be partially disrupted by these employee absences, which could adversely affect our business and results of operations. However, it helps that the overwhelming majority of our team is based outside Israel - in the US and Europe - and thanks to this distributed team, the resilience of our Israel based team, and the level of automation we already have in our operation, our business has continued to operate with high productivity. Moreover, we have contingency plans and structures in place to mitigate these risks, and we continue to monitor our ongoing activities and will make any needed adjustments to ensure the continuity of our business, while supporting the safety and well-being of our employees.

Parties with whom we do business may sometimes decline to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary to meet our business partners in person. Further, shifting economic and political conditions in the United States and in other countries may result in changes in how the United States and other countries conduct business and other relations with Israel, which may have an adverse impact on our Israeli operations and a material adverse impact on our business. In addition, several countries, principally in the Middle East, restrict doing business with Israel, and additional countries may impose restrictions on doing business with Israel and Israeli companies whether as a result of hostilities in the region or otherwise. Moreover, there have been increased efforts by organisations and movements to cause companies and consumers to boycott Israeli goods based on Israeli government policies. Any hostilities, armed conflicts or political instability involving Israel could adversely affect our results of operations. With regards to the recent hostilities, there is still uncertainty regarding the extent to which it will impact our operations in Israel, which we continue to evaluate.

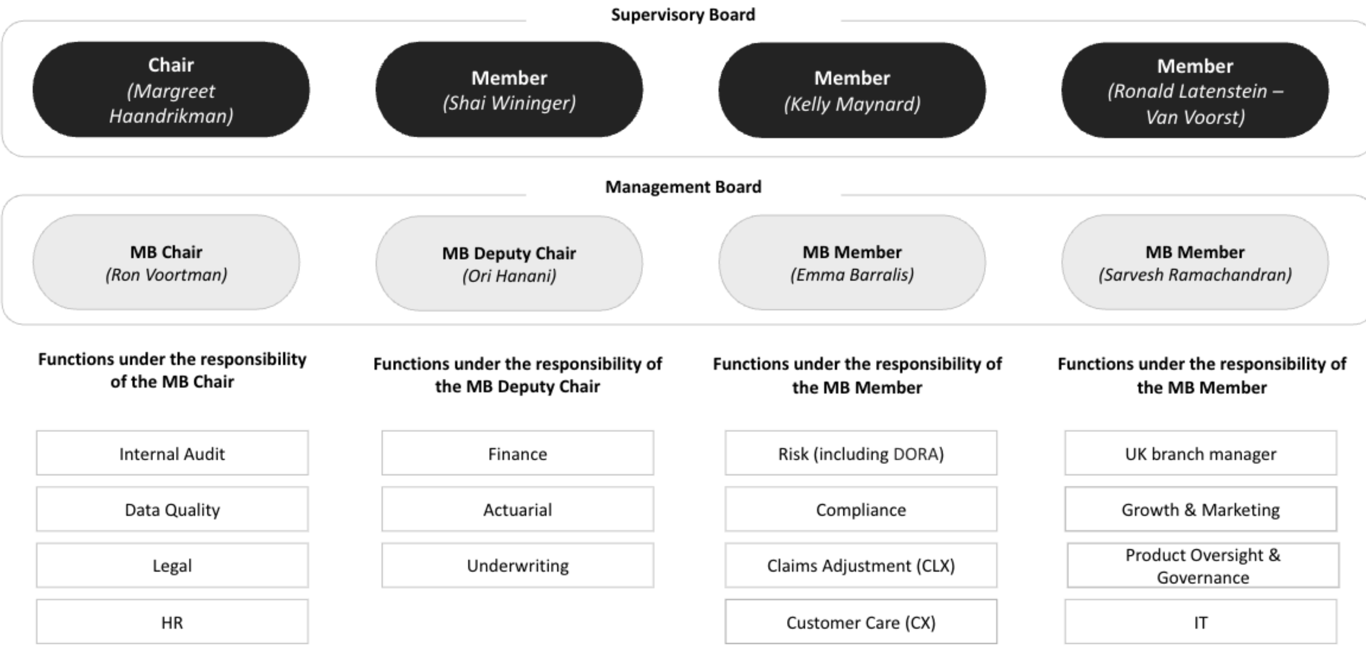
Our commercial insurance may not cover losses that could occur as a result of events associated with the security situation in the Middle East. Any losses or damages incurred by us could have a material adverse effect on our business. Continued hostilities between Israel and its neighbours and any future armed conflict, terrorist activity or political instability in the region could adversely affect our operations in Israel and adversely affect the market price of our common stock. An escalation of tensions or violence might result in a significant downturn in the economic or financial condition of Israel, which could have a material adverse effect on our operations in Israel and our business.

In addition, the Israeli government has recently and may in the future pursue extensive changes to Israel's judicial system. In response to such changes, many individuals, organisations and institutions, both within and outside of Israel, have in the past and may in the future voice concerns that the proposed changes may negatively impact the business environment in Israel, due to potential reluctance of foreign investors to invest or transact business in Israel, increased currency fluctuations, downgrades in credit rating, increased interest rates, increased volatility in securities markets, and other changes in macroeconomic conditions. To the extent that any of these negative developments occur, they may have an adverse effect on our business, our results of operations, or our ability to raise additional funds, if deemed necessary by our management and board of directors.

B. System of governance

B.1. General information on the system of governance

Lemonade Insurance N.V. has a management board consisting of four members in accordance with Article 3:15 of the DFSA (the **"Management Board"**) and a supervisory board consisting of four members in accordance with Article 3:19 DFSA (the **"Supervisory Board"**), of which three members are formally independent.



Lemonade Insurance N.V. has implemented the following Supervisory Board and Management Board committees, as further elaborated on below:

SB & MB Committees Lemonade Insurance N.V.

SB Audit and Risk Committee

Chair: Ronald Latenstein van Voorst

Membership
Margreet Haandrikman
Kelly Maynard

SB Remuneration Committee

Chair: Kelly Maynard

Membership
Margreet Haandrikman
Ronald Latenstein van Voorst
Shai Wininger

Compliance, Privacy & Security Committee

Chair: Emmanuelle Barralis

Membership
MB members
Chief Information Security Officer
Data Protection Officer
Compliance Officer
Lemonade Group Compliance
UK Country Manager

Product Oversight and Governance Committee

Chair: Sarvesh Ramachandran

Membership
MB members
Compliance Officer
Associate General Counsel EU
Insurance Product Director
Underwriting Manager
UK Country Manager
Corporate Governance Director
EU Director CLX & CX

Responsible Artificial Intelligence Committee

Chair: Ron Voortman

Membership
MB members
Compliance & Risk Officer
Associate General Counsel EU
EU Director CLX & CX
GPT operations
Corporate Governance Director
Insurance Product Director

Underwriting and Risk Committee

Chair: Ori Hanani

Membership
MB members
Risk Management Officer
Finance and Actuarial Lead
Relevant Lemonade Group
Underwriting Manager
UK Country Manager

Capital Management and Investment Committee

Chair: Ori Hanani

Membership
MB members
CFO Lemonade Group
Senior Director, Head of EU Finance
Finance and Actuarial Lead
Risk Management Officer
Actuarial Function holder
UK Branch Manager
Relevant Lemonade (group) specialist(s)

UK Branch Management committee

Chair: Sarvesh Ramachandran

Membership
MB Chair
Risk & Compliance Officer
EU Director CLX & CX
Finance and Actuarial Lead
Marketing/Growth representative
Insurance Product Director
Underwriting Manager
Relevant Lemonade (group) specialist(s)

B.1.1. Supervisory Board and Supervisory Board committees

The Articles of Association of the Company specify that the Supervisory Board must consist of a minimum of three members. Only candidates found to meet the 'fit and proper assessment' under the DFSA are eligible for appointment. In addition, Lemonade Insurance N.V. has prepared and implemented a detailed job profile for members of its Supervisory Board.

The Supervisory Board of Lemonade Insurance N.V. currently has four members,

Drs Margreet Haandrikman (chair)

Shai Wininger

Kelly Maynard

Ronald Latenstein van Voorst

The Supervisory Board is responsible for exercising supervision of the Management Board and the general course of affairs within Lemonade Insurance N.V. and the enterprise connected with it. When performing their duties, the Supervisory Board members are guided by the interests of Lemonade Insurance N.V. and the enterprise connected with it.

The Supervisory Board is informed by the Management Board on all relevant matters but also has a duty to request information in case this is deemed necessary. The majority of the members of the Supervisory Board are independent and operate independently in accordance with the Principles and requirements of DNB's Suitability Policy Rule 2012 (*Beleidsregel geschiktheid 2012*)[1]. The Supervisory Board has a diverse membership considering the members' different professional and educational backgrounds, ages and range of knowledge and experience.

As set out in Lemonade Insurance N.V.'s governing documents, the Supervisory Board meets at least four times a year and more often if required. It has two committees: a Remuneration Committee and an Audit and Risk Committee. Further details on the Supervisory Board committees and their role and responsibilities are set out below.

B.1.1.1 The Remuneration Committee

The Remuneration Committee of the Supervisory Board met four times during 2024. The attendance rate at these meetings was 69% due to three members being absent during the last meeting, however the subjects of that meeting were discussed and approved extensively during prior email conversations.

The Remuneration Committee is composed of four members of the Supervisory Board: Kelly Maynard (Chair), Ronald Latenstein Van Voorst, Margreet Haandrikman and Shai Wininger (Observing member).

The first 2024 Remuneration Committee meeting was attended by the AMS People Ops Manager and the Director of People Infrastructure, as the meeting pertained to the set up of the Compensation Framework and Management Board and Key Staff remuneration in terms of company equity. All other meetings were also attended by the Director of People Infrastructure as the Management Board remuneration and the appointment of a new legal counsel with company equity expertise was discussed. The newly appointed legal counsel also joined the third and fourth meeting.

[1] Please note that the Suitability Policy Rule 2012 has been amended in 2022 in response to changes in European and national laws and regulations and the entry into force of European guidelines. The amended Policy rule came into force on the 1st of April 2023.

The committee solicits support and advice from departments such as Risk, Internal Audit and Compliance. Where needed, the committee is authorised to call in the expertise of independent legal and appoint subject matter experts. All recommendations will be gradually implemented.

B.1.1.2 The Audit and Risk Committee

The Audit and Risk Committee (**"ARC"**) of the Supervisory Board met four times during 2024. The attendance rate at these meetings was 92%.

The Audit and Risk Committee is composed of three members of the Supervisory Board: Ronald Latenstein Van Voorst (Chair), Margreet Haandrikman and Kelly Maynard. The Management Board, the external auditor, Compliance, Risk, Actuarial and Internal Audit attend the meetings as needed. The Audit and Risk Committee is responsible for preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of Lemonade Insurance N.V.'s financial reporting and the effectiveness of Lemonade Insurance N.V.'s internal Risk Management and control systems, including monitoring the Management Board with regard to:

- relations with, and compliance with recommendations and following up of comments by, the internal and external auditors;
- the integrity of all financial statements and regulatory reports and assessment of the estimations taken to produce them;
- the capital and funding of Lemonade Insurance N.V.;
- activities of the Risk Management, Compliance, Finance and Actuarial function holders, including risks related to fraud management;
- the application of information and communication technology by Lemonade Insurance N.V., including risks relating to cybersecurity and digital operational resilience;
- Lemonade Insurance N.V.'s tax policy;
- Lemonade Insurance NV's internal transfer pricing agreements;
- the internal and external auditor's adequacy and independence;
- the internal audit plan;
- the internal audit budget and resource plan;
- the performance of statutory reporting requirements, as well as other financial reporting requirements and professional accounting requirements; and
- the nomination of the external auditor.

Important items on the Audit and Risk Committee's agenda during 2024 were financial and actuarial reports including solvency II as well as capital requirements, operational and compliance risk, organizational roles and responsibilities, the annual accounts including external audit findings, preparation on implementation of IFRS 17 and the Internal Audit reports and planning. The chair held one-on-one meetings with both the internal and external auditor.

B.1.2. Management Board

The Management Board is responsible for managing Lemonade Insurance N.V. The members of the Management Board are, in performing their duties, guided by the interests of the Company and the enterprise connected with it, which includes the interests of customers, shareholders, employees and society at large. The Management Board is accountable to the Supervisory Board and the general meeting of shareholders (the **"General Meeting"**) with regard to the performance of its duties.

The Articles of Association of the Company specify that the Management Board must consist of a minimum of two members. Only candidates found to meet the 'fit and proper assessment' under the Dutch Financial Supervision Act are eligible for appointment. In addition, Lemonade Insurance N.V. has prepared and implemented a detailed job profile for members of its Management Board.

The Management Board composition in 2024 is as follows:

- Mr. Ron Voortman as Chair,
- Mr. Ori Hanani as Deputy Chair,
- Ms. Emmanuelle Barralis as Management Board member, and
- Mr. Sarvesh Ramachandran as Management Board member.

Within the Management Board there is a clear segregation of duties between first line and second line functions and areas of responsibility.

As chairman of the board Mr. Ron Voortman has maintained the responsibility over internal audit, data quality, HR and Legal.

Mr. Ori Hanani serves as the Management Board Deputy Chair, with the responsibility for the Finance function. Given his role as SVP of Insurance within the Lemonade group, Mr. Ori Hanani is also responsible for all relevant insurance related functions. This ensures direct influence and commitment from controlling stakeholders and the Lemonade Group.

Ms. Emmanuelle Barralis is responsible for Risk (including DORA) and Compliance as well as all Customer Facing departments and sits close to the teams in Amsterdam. Mr. Sarvesh Ramachandran is responsible for oversight of the UK branch in the board. He is responsible for all distribution and marketing efforts across Europe, IT and Product Oversight and Governance.

The Management Board typically meets monthly and more often if required. The Management Board has six committees.

B.1.2.1 Committees of the Management Board

In order to organise subject matter expert support and guarantee continuity and consistency for Lemonade Insurance N.V., six supporting committees were established. These committees consist of members from Lemonade Insurance N.V., from the larger Lemonade Group and from external support providers. A committee advises and supports the Management Board in its decision-making process. Any formal decision making will be done by the Management Board.

B.1.2.1.1 The Underwriting and Risk Committee

The Underwriting and Risk Committee is chaired by the Deputy Chair of the Management Board and met four times during 2024

.The objectives of the Underwriting and Risk Committee are to:

- review the strategy and provide oversight of the active underwriting operations of Lemonade Insurance N.V.;
- assist the Management Board in overseeing the integrity and effectiveness of Lemonade Insurance N.V.'s Risk Management System, including by reviewing and evaluating the risks to which Lemonade Insurance N.V. is exposed, as well as monitoring and overseeing the guidelines and policies that govern the processes by which Lemonade Insurance N.V. identifies, assesses and manages its exposure to risk;
- report and advise the Management Board on the Digital Operational Resilience of Lemonade, and
- advise and support the Management Board on decisions to be taken.

B.1.2.1.2 The Capital Management and Investment Committee

The Capital Management and Investment Committee is chaired by the Deputy Chair of the Management Board and met four times during 2024.The objectives of the Capital Management and Investment Committee are to:

- monitor whether Lemonade Insurance N.V. has adopted and adheres to a rational and prudent investment policy;
- monitor whether the Management Board's investment and capital management actions are consistent with the attainment of Lemonade Insurance N.V.'s investment policy;
- monitor the selection, performance and compensation of Lemonade Insurance N.V.'s investment advisors; and
- advise and support the Management Board on decisions to be taken.

B.1.2.1.3 The Compliance, Privacy and Security Committee

The Compliance, Privacy and Security Committee (CSPC) is chaired by the Management Board Member, Emmanuelle Barralis, and met four times during 2024. The Privacy and Security Committee has been merged into the Compliance Committee, forming the Compliance, Privacy and Security Committee.

The objectives of the Compliance, Privacy and Security Committee are to:

- provide oversight related to the security and compliance activities and obligations of Lemonade Insurance N.V.;
- oversee Lemonade Insurance N.V.'s privacy and security programs;
- oversee Lemonade Insurance N.V.'s disaster recovery and business continuity plans;
- advise and support the Management Board on decisions to be taken.
- ensure that all persons with operational and oversight responsibilities act in accordance with the Company's objective and in compliance with applicable laws, regulations and administrative provisions;
- assist and guide the Management Board in relation to the establishment and maintenance of a proper framework and policies for the prevention, handling, management and monitoring of compliance risk; and

- advise and support the Management Board on decisions to be taken.

B.1.2.1.4 The Product Oversight and Governance Committee

The Product Oversight and Governance Committee is chaired by the Management Board member, Sarvesh Ramachandran, and met twice during 2023.

The objectives of the Product Oversight and Governance Committee are to:

- advise and support the Management Board on product development and product review and to verify that products continue to be aligned with the interests, objectives and characteristics of the target market; and

- advise and support the Management Board on decisions to be taken.

B.1.2.1.5 UK Branch Management Committee (BmCo)

The UK Branch Management Committee consists of the UK Head of Branch; Sarvesh Ramachandran (SMF 19) and the UK Head of Compliance and EU Risk and Compliance Manager, Elske Hartholt (SMF 16) and other senior stakeholders as appropriate. The UK BmCo is supported by functional experts from across the European business. The UK BmCo reports to the Management Board through Mr. Ramachandran.

During 2024 the work of the UK BmCo focused on reviewing and gaining assurance of the ongoing fair value of the Lemonade Insurance products in the UK, the growth and performance of the UK business, the preparation for and introduction of the FCA’s Consumer Duty in the UK, and regulatory engagements. The UK BmCo has met four times during 2024.

B.1.2.1.6 AI Responsibility Committee (AIRC)

In 2024, the AI Responsibility Committee was established and is chaired by the Chairman of the Management Board. The AIRC met twice in 2024.

The objectives of the AI Responsibility Committee are to:

- advise the Company’s board on matters of “Responsible AI”;
- establish guidelines and principles for ensuring responsibility in AI models;
- collaborate with AI developers;
- review reporting on evaluation of potential modeling issues;
- inform the Company’s board on AI activities, risks and other issues; and
- enhance the Responsible AI practices over time.

B.1.3. Key functions

Lemonade Insurance N.V. has implemented the following four key functions: Internal Audit, Actuarial, Risk, and Compliance. Lemonade Insurance N.V. has organised its key functions in accordance with the applicable Solvency II regulations (as implemented in the DFSA).

All key functions are able to carry out their duties objectively and free from undue influence and do not simultaneously perform conflicting activities.

They have been given appropriate standing in the organisation and can report relevant findings directly to the Supervisory Board and the Management Board (as appropriate).

The responsibilities per function are detailed below:

- Internal Audit function- The responsibilities of the Internal Audit function include the evaluation of the adequacy and effectiveness of the internal control system and other elements of system governance. The resulting findings are reported to both the Management Board and the Supervisory Board on a regular basis.

- Actuarial function- The Actuarial function is responsible for the coordination and monitoring the evaluation of technical provisions, including methodology, assumptions and data. The Actuarial function supports the Risk function.

- Risk function- In addition to coordinating the overarching risk management activities, the Risk function is responsible for identifying potential risks and recommending appropriate countermeasures to the Management Board. The Risk function also has reporting responsibilities. Relevant risks are, where appropriate, represented qualitatively and quantitatively and internally and externally, and all significant risks classified and shown as an exposure figure.

- The Compliance function- The Compliance function is responsible for risk control, i.e. the identification, assessment, monitoring and reporting of compliance risks, namely risks of incurring legal or regulatory sanctions, significant financial loss or damage to reputation resulting from Lemonade Insurance N.V.'s failure to comply with laws or regulation.

The responsibilities, resources, reporting and escalation lines and other main organisational aspects of these key functions are described in their respective charters that are reviewed regularly. All key functions are available within our organisation.

B.1.4 General Meeting of shareholders

At least one general meeting of shareholders (**"General Meeting"**) is held per year. The main purpose of General Meetings is to decide on matters as specified in Lemonade Insurance N.V.'s Articles of Association and under Dutch law, such as the adoption of the financial statements. The Articles of Association also outline the procedures for convening and holding General Meetings and the decision-making process.

For the sake of completeness, Lemonade B.V. is the sole shareholder of Lemonade Insurance N.V. The management board of Lemonade B.V. consists of two members: Mr. Shai Wininger (who also serves as a member of the Supervisory Board of Lemonade Insurance N.V. and CO CEO of the Lemonade Group) and Mr. Daniel Schreiber (who also serves as CO CEO of the Lemonade Group).

B.1.5 Remuneration practices

Lemonade Insurance N.V. has implemented a Remuneration Policy, incorporating the relevant European and Dutch rules and regulations in the area of remuneration. The Remuneration Policy applies to all employees of the Company and all other persons that work under the responsibility of the Company.

The Remuneration Policy is reviewed at least annually by the Company's Remuneration Committee to ensure that it reflects the latest regulatory requirements and any changed business processes and circumstances.

B.1.5.1 Guiding principles

In setting its Remuneration Policy, Lemonade Insurance N.V. has used the following guiding principles:

- the remuneration practices of the Company are established, implemented and maintained in line with the Company's business and risk management strategy, its risk profile, objectives, risk management practices and the long-term interests and performance of the Company as a whole and shall incorporate measures aimed at avoiding conflicts of interest;

- all remuneration arrangements must promote sound and effective risk management and shall not encourage risk taking that exceeds the risk tolerance limits of the Company;

- the Company's Remuneration Policy is tailored to the size and organisation of the Company and to the nature, scope and complexity of its activities;

- alignment with market position and practice but within the boundaries of the incentive policy of Lemonade, avoiding adverse risk taking;

- the Company's remuneration practices may not contain incentives to take more risks than acceptable in view of the Company's solidity.

B.1.5.2 Balanced mix between fixed and variable remuneration

As a general rule, Lemonade Insurance N.V. requires that remuneration components shall be balanced so that each staff member's fixed remuneration represents a sufficiently high proportion of that staff member's total remuneration, in order to avoid staff being overly dependent on variable remuneration and to allow the Company to operate a fully flexible bonus policy, including the possibility of paying no variable remuneration.

B.1.5.3 Performance targets

If and when the Company decides to give variable remuneration, it will agree each year with relevant staff members on qualitative and quantitative performance targets. The performance-measurement system underlying the award of variable remuneration will have three parts:

- one part relates to the targets to be achieved at Lemonade Group level;
- one part relates to targets applicable to the relevant business unit; and
- one part relates to targets at an individual level.

Performance against these targets will be assessed for all three parts. A balanced allocation will also be made between short-term and long-term targets and between quantitative and qualitative targets. In setting and assessing the targets, the focus is on long-term value creation, with a focus on the customers' interests, serving the best interests of the various stakeholders and managing risk.

The performance targets at the individual level will be set by translating the stakeholder's targets into what they mean for the individual and what he or she has to achieve to meet them. These individual targets will be set using the same criteria as for the business and the Lemonade Group. As well as the clearly defined commercial results, these will include agreed development goals in such areas as leadership, customer focus and employee involvement.

In the case of negative performance on non-financial criteria, especially in case of unethical or non-compliant behaviour, positive results on financial criteria are cancelled out. In such cases, variable remuneration may be reduced to zero.

B.1.5.4 Remuneration awarded to Management Board members

For each member of the Management Board, the Supervisory Board determines an appropriate and adequate remuneration with consideration for talent retention and long term commitment, reflecting the specific roles and responsibilities of the individual. The Supervisory Board proposes the remuneration of the members of the Management Board to the Company's General Meeting. The remuneration of the members of the Management Board is determined by the General Meeting in accordance with Lemonade Insurance N.V.'s Articles of Association.

Each year, the Supervisory Board reviews total compensation levels to ensure they remain competitive and provide proper, risk-based incentives to members of the Management Board. To ensure members of the Management Board are compensated in accordance with the desired market positioning, alignment to the desired market position needs to be addressed over time, in accordance with applicable rules, regulations and codes.

Now that the company reaches the next level of maturity, the Supervisory Board aims to plan scenario analysis, which is in line with the proportionality principle to determine the long-term effect on the level and structure of compensation granted to members of the Management Board.

B.1.5.5 Remuneration awarded to Supervisory Board members

The remuneration of the members of the Supervisory Board is set by the General Meeting in accordance with Lemonade Insurance N.V.'s Articles of Association. Their remuneration is independent of the Company's results.

B.1.5.6 Pension scheme

Lemonade Insurance N.V. does not offer supplementary pension or early retirement schemes for the members of the Management Board or the Supervisory Board.

For its European staff members, Lemonade Agency B.V. offers a Defined Contribution Pension Plan, with a fixed employee contribution of 3.5% and a sliding scale Employer Contribution.

2.6.4. Remuneration disclosure

The company confirms that no natural person working under its responsibility receives a total remuneration of €1 million or more.

Subject to the limited exemptions allowed under the Remuneration policy and applicable legislation, the Company does not grant Staff members variable remuneration exceeding 20% of their fixed annual remuneration. This bonus cap applies to all Staff members, unless an exemption as set out in article 1:121 (2)(3)(4) of the Act on Financial Services is applicable.

In exceptional circumstances, it may be possible to award individual Staff members with remuneration of at maximum 100% of their fixed annual remuneration, as long as the average of the individual ratios between fixed remuneration and variable remuneration of the Staff members whose remuneration is not or not exclusively captured by the applicable Insurer CLA does not exceed 20% (article 1:121 (2) DFSA). In derogation from the 20% bonus cap, a higher variable remuneration (up to a maximum of 100% (article 1:121 (3) DFSA) or, with shareholder consent, 200% (article 1:121 (3) DFSA) of their annual fixed remuneration) may be awarded to Staff members mainly working (i.e. for at least 50% of their working hours) outside the Netherlands.

B.2. Fit and proper requirements

Lemonade Insurance N.V. has implemented various policies and charters containing provisions aiming to ensure that the people who effectively manage Lemonade Insurance N.V. and the people fulfilling key functions are fit and proper (i.e. individuals in integrity sensitive positions).

Further to these policies, persons (including temporary staff) in integrity-sensitive positions must at all times fulfil the following requirements:

- their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (**"fit"**); and
- they are of good repute and integrity (**"proper"**).

Fitness is attained by an adequate diversity of necessary qualifications, knowledge, relevant experience and professional and personal skills so that the Company is managed and overseen in a sound and prudent manner. Ascertaining whether someone is "proper" in the view of the Company entails an assessment of that person's honesty and financial soundness, based on relevant evidence regarding their character, personal behaviour and business conduct including any criminal, financial, tax or supervisory aspects regardless of jurisdiction.

Lemonade Insurance N.V. has implemented formal position profiles for its Management Board and Supervisory Board members. Further to these position profiles, all Board members must individually possess the appropriate skills and experience that may be expected from a Board member of an undertaking subject to financial supervision, such as Lemonade Insurance N.V.. Any Board member must have appropriate knowledge of the markets in which Lemonade Insurance N.V. operates, the products and services offered by the Company, the corporate culture of the Company and the rules and regulations to which the Company is subject. In addition, the profiles impose specific requirements in the areas of education, knowledge, skills, abilities, personal characteristics and prior (executive) experience.

Furthermore, the Management Board and Supervisory Board must at all times collectively possess appropriate qualifications, experience and knowledge of:

- insurance and financial markets;
- business strategy and business models;
- systems of governance;
- financial and actuarial analysis; and
- the applicable regulatory framework and requirements.

Lemonade Insurance N.V. has implemented a process for assessing fit and proper qualifications for employees in integrity sensitive positions in its Fit and Proper Policy. This process consists of, among other things, gathering relevant documents and information from the prospective appointee, interviews, information gathering from referees and previous employers, background checks and external objective assessments (where appropriate).

Members of Lemonade Insurance N.V.'s Management Board and Supervisory Board are required to pass integrity and suitability screenings with DNB. In an early stage of the hiring process and preferably at the time a position has become vacant, an approval request is put forward to DNB. All of Lemonade Insurance N.V.'s Management Board members and Supervisory Board members have passed integrity and suitability screenings by DNB prior to their appointment.

All people holding integrity-sensitive functions are assessed against their performance objectives, leadership behaviours and any other requirements from their job profiles during the annual performance cycle and specifically during the year-end appraisal.

B.3 Risk management system including the own risk and solvency assessment

B.3.1 Risk management system

The Company's risk management system (**"RMS"**) is a key element of the overall system of risk governance of the Company and its corporate culture. The RMS is a framework which is designed and applied to manage risk across Lemonade Insurance N.V.. The RMS sets out the company's risk management objectives, core risk management principles and overall risk strategy. Its objective is to allocate risk responsibilities across all business activities and to inform the Company's business strategy. In general, the company endeavours to identify, monitor, manage and mitigate risk through the use of internal authorization procedures, by setting appropriate risk limits, by using risk limit monitoring systems and through adherence to contingency plans.

The Management Board will consider the strategic development roadmap with a three (3) to five (5) year horizon – directed by the following key principles:

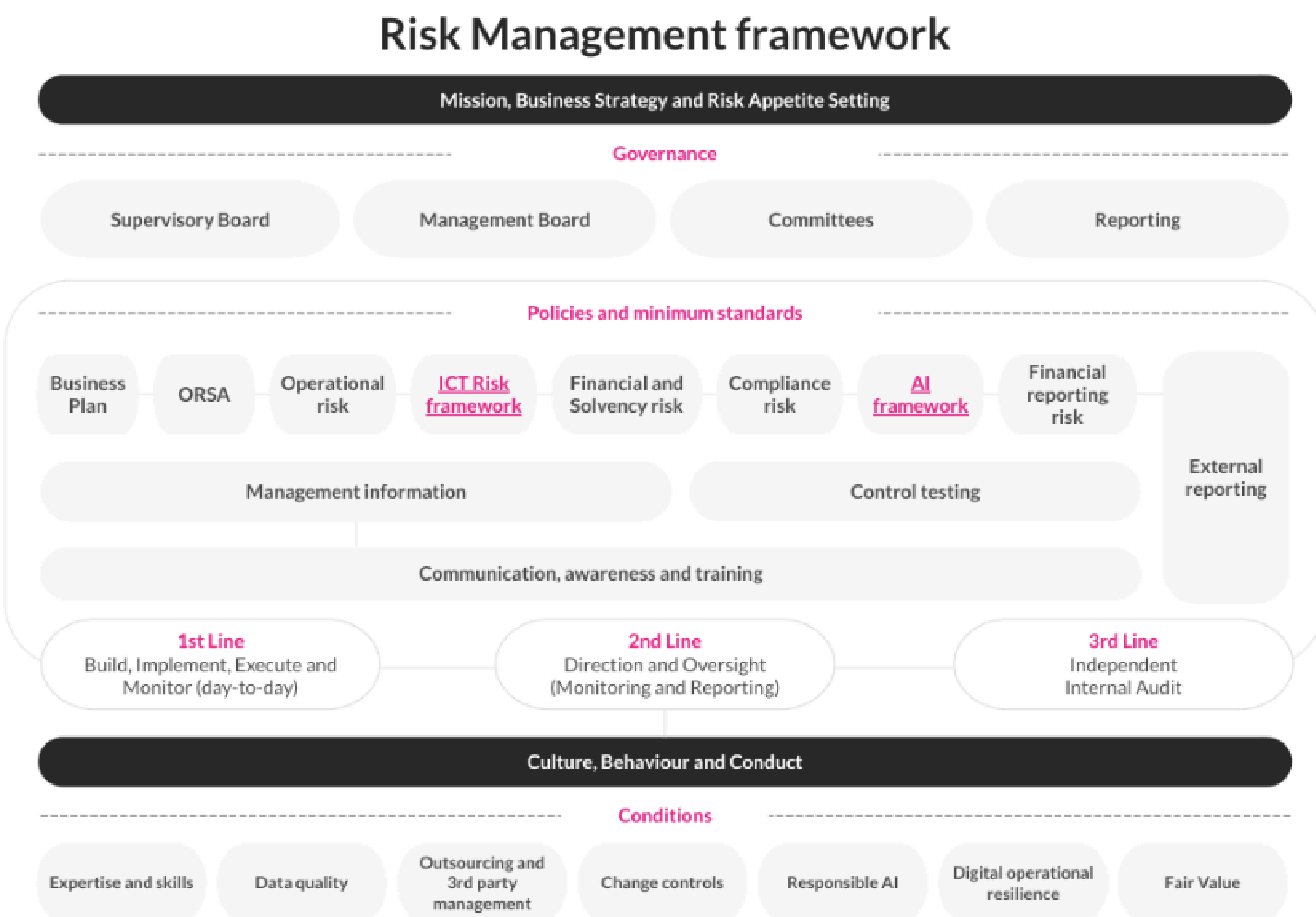
- Take a customer centric approach – the Company should take a fair, transparent and simple approach to build customer confidence in the Company and its products.
- Have a conservative risk appetite – the risk the Company is willing to take in order to meet its strategic objectives is limited in amount and type.
- Be sustainable – the Company will be building a long-term sustainable business model backed and supported by industry leading reinsurers.

For Lemonade Insurance N.V., the risk management framework involves;

- Defining the risk categories and the methods to measure those risks;
- Outlining how Lemonade Insurance N.V. manages each relevant category, area of risks and any potential aggregation of risks;
- Describing the connection with the overall solvency needs assessment as identified in the forward-looking assessment of own risks, the regulatory capital requirements and the risk tolerance limits;

- Specifying risk tolerance limits within all relevant risk categories in line with the overall risk appetite;
- Describing the frequency and content of regular stress tests and the situations that would warrant ad hoc stress tests; and
- Continuously improving and adjusting our risk dashboard for better risk awareness.

The framework is based on the internationally accepted standard COSO ERM and lays the foundation for managing risk throughout Lemonade Insurance N.V..



B.3.2 Risk profile- Risk appetite and indicators

B.3.2.1 Business Plan

The basis for the Risk Management framework is the strategy and planning of the business for the upcoming period detailing country expansion, customer growth and loss forecasts. The business strategy forms the basis for the risk tolerance statements, specified in financial terms and translated into operating guidelines to operate within risk appetite. In general terms, Lemonade is taking a conservative approach towards Risk and is conducting its operations and development strategy in a way that will minimise the risk exposure. Lemonade believes that to protect the unique quality that the brand is offering, it has to be conservative in its risk appetite; Lemonade gives paramount importance to identifying, measuring and mitigating risks inherent to its activity.

B3.2.2 Risk Control Self Assessment ("RCSA")

Lemonade performs an annual risk control self-assessment to indicate changes in risk and risk mitigating control levels for risks identified in a prior period or Own Risk and Solvency Assessment (**"ORSA"**), and any potential emerging risks on both financial and non-financial domains. The risk self-assessment is conducted by the first line and evaluates risks according to quantitative and qualitative measures rating the risks with regard to their potential impact and likelihood after consideration of the effectiveness of controls. The risk ratings are reflected within the Company's risk dashboard (**"Risk Dashboard"**) across the following categories;

- Operational Risks (strategic, preventable and external risks)
- Financial (market risk, including interest risk, credit risk, including counterparty risk and underwriting risk, including pricing risk), Solvency and Regulatory Reporting Risk
- Compliance Risk

More detailed information is provided on Underwriting, Market, Operational, Liquidity & Credit (counterparty default), Operational, IT, Legal & Compliance risk in note 4 in the financial statements.

The Company will, on an annual basis, detail the risk profile and related mitigating controls taking into account risk events in the prior period and failures in controls and mitigation measures (if any).

B3.2.3 Risk Dashboard

The risks included within the Risk Dashboard refer to both 'Inherent' risk (i.e. the risk of doing business within a certain industry) and remaining 'Residual' risk (i.e. the risk that remains after mitigating controls are implemented). After identification of the risks, the implemented current controls and the residual risks, an appropriate risk response is to be defined by designing future controls to be implemented to ensure the risks are within risk appetite. Lemonade's technology and product structure allow the Company to control growth and exposure and make real-time adjustments when needed. The Company has adopted a low-risk appetite for risk level after mitigation.

Relevant managers, together with the Company's Risk Officer and Compliance Officer, will measure the potential impact of risk on a frequency and severity basis and – together – will ensure sufficient mitigation measures have been put in place by Management where necessary. In cases where the level of the risk exceeds the Company's predetermined risk appetite, a risk mitigation process will be activated.

Risk status is monitored by the second line and reported periodically to operational management. The Audit and Risk Committee is informed on the risk profile of Lemonade Insurance N.V. on a quarterly basis during the Audit and Risk Committee meeting wherein the Quarterly Risk Report including the Risk Dashboard is presented.

The full risk management methodology is formalised in the Risk Management policy detailing the various tools, procedures and periodic monitoring action items.

B.3.3 Implementation of risk management system

B.3.3.1 Strategic alignment

The Risk function is responsible for advising the Management Board and the Supervisory Board on the risk status of the Company. The Management Board will make sure that the Company's risk management strategy is aligned with the Company's overall corporate objectives, strategy and current circumstances. The Management Board takes the Company's risk management strategy into consideration in all its relevant decision making. Furthermore, Risk is responsible to raise awareness on the risks of the organisation within the 1st line and oversee mitigation actions of risks identified to ensure the Company operates within risk appetite.

The Risk function operates independent of the Company, therefore the following safeguards are implemented:

- persons engaged in the performance of risk management are not supervised by those responsible for the performance of the operating units of the Company;
- persons engaged in the performance of risk management are not involved in the performance of activities within the operating units of the Company;
- the Risk Officer is remunerated in accordance with the Company's remuneration framework, which provides that persons engaged in the risk management function are remunerated based on objectives linked to risk management which are independent from the performance of the Company's operating units;

- The Risk officer uses both quantitative and qualitative criteria to assess the risks posed to the Company, which is an independent process to the business. Upon request thereto from the Risk Officer, the Management Board shall grant the Risk Officer or its delegates access to the books and records of the Company necessary to perform the Risk function. The Risk Officer is a member of all relevant committees/meetings in order for it to perform/address specific tasks/issue for client's best interest;
- any conflicting duties are properly segregated; and
- The Risk function is subject to an appropriate independent review to ensure that decisions are being arrived at independently.

B.3.3.2 Reporting

The Risk Officer – together with Compliance – reports on a quarterly basis to the Management Board on matters of compliance and risk, including in particular whether appropriate remedial measures have been taken in the event of any deficiencies. Risk related reports are key for management to monitor the level of risk control. This integrated risk overview contains at least the following:

- Early warning statements: a statement to signal any risk/trends at an early stage in order to take timely actions.
- Bullet point report: this elaborates on high-level operational and compliance risk areas and the required actions to be taken.
- Audit action points report: this report shows the follow up status of all the Company audit action points. These action points arise from audits in which the Company is both directly but also indirectly involved.
- An operational events/incidents report: this report gives insight into the number and status of events and incidents within the Company's organisation.

The objective of these risk reports is to ensure appropriate awareness on current risk levels, (potential) new risks, open action items and other aspects to ensure the Company operates within Risk Appetite. If needed, the Risk Officer will meet on an *ad hoc* basis with the respective functions to ensure risk events are appropriately addressed.

The Risk function has various tools in place to monitor the risk profile of Lemonade Insurance N.V. ; the Company's risk register, risk dashboard, and the risk control matrix. The risk register records risk events whenever these occur with an appropriate level of detail on the risk event, an impact assessment, key employee involvement, internal resolution timelines and actual resolution time. On a weekly basis, unresolved risk events outside of the internal resolving timelines are monitored, and appropriate actions are undertaken if deemed required.

B.3.4 ORSA

The Company's ORSA objective is to demonstrate the Company is sufficiently capitalised under various stress scenarios and to detail the various management actions in place to address adverse developments. In general an ORSA is performed at least once a year, and consists of a risk self-assessment by first line managers and executive directors challenged by second line (such as Risk, Compliance, Actuarial, etc.) managers and by the non-executive directors. An update of the ORSA will be performed regularly and in specific circumstances when the risk profile of the Company is significantly impacted.

The ORSA is reviewed and approved by the Management Board and the Supervisory board is notified of the results during the Supervisory Board meeting.

On the basis of the 2024 ORSA, the Company detailed the amount of required capital injections needed in order to achieve its planned growth, while remaining adequately capitalised. Management actions in case of negative stress scenarios have been formulated and tested, providing confidence that the Company will be sufficiently capitalised both now and also in future years.

B.4 Internal control system

B.4.1 Three lines of defence

Lemonade Insurance N.V. has implemented the market standard "three lines of defence" approach to internal control as follows:

- The first line of defence includes management and operational units which are responsible for establishing effective internal controls and for executing control procedures on a day-to-day basis.
- The second line of defence includes control functions which set control policies and undertake monitoring and surveillance of business operations.
- The third line of defence includes Internal Audit which provides independent challenges to the effectiveness of the Company's internal controls and other elements of the Company's system of governance.

The overall responsibility for the establishment of an effective system of internal controls and governance practices lies with the Management Board.

B.4.2. Implementation of the compliance function

Compliance, as a second line of defence control function, is responsible for identifying the relevant laws, regulations and standards applicable to Lemonade Insurance N.V. and translating these into compliance obligations. Compliance is positioned independently from the business it supervises. Its role, amongst others, is to assist management to implement mitigation activities and provide advice on compliance risk matters.

It is further responsible for establishing the methodology and process for compliance risk assessments, independently monitoring compliance and reporting on compliance risk and control issues to management, Lemonade Insurance N.V.'s Compliance Committee and the Management Board.

Compliance operates within the context of the Company's broader risk management framework.

Compliance has a reporting line to the Management Board and to the Management Board member responsible for Compliance and Risk Management. Compliance reports on a regular basis to the Management Board and the Compliance, Privacy and Security Committee – and to the Management Board member responsible for Compliance and Risk Management on a more frequent basis – on compliance related matters such as compliance breaches, complaints relating to compliance matters, etc.

The independent position of Compliance is safeguarded by independent reporting to the Management Board, unrestricted access to senior management and frequent meetings with the Management Board Chair and the chairperson of the Compliance Committee, as the need arises.

Compliance prepares and provides reports on a structural basis. For example, Compliance – together with Risk – reports on a quarterly basis to the Management Board on matters of compliance and risk, including in particular whether appropriate remedial measures have been taken in the event of any deficiencies.

In addition, Compliance reports material compliance incidents to the Management Board, the Risk function or such other functions as appropriate without delay. Material compliance incidents are defined as events resulting from a failure to comply with applicable compliance-related rules and regulations. It refers to events that have had – or could have – an adverse effect on Lemonade Insurance N.V.'s integrity and/or reputation, leading to material damage to the Company, its officers, directors and staff and/or the Lemonade Group and/or which could result – or have resulted – in financial loss and/or regulatory sanctions.

The annual Compliance Plan for Lemonade Insurance N.V. is approved by the Compliance, Privacy and Security Committee.

B.5 Internal Audit Function

B.5.1 Implementation of the internal audit function

Internal Audit is responsible for the evaluation of the overall effectiveness of the internal controls of the organisation of the Company, including the Risk Control environment. Within the context of the Lemonade Insurance N.V.'s internal control and compliance framework, Internal Audit is responsible for:

- evaluating the adequacy and effectiveness of the Company's internal control system and other elements of the system of governance;
- evaluating whether such internal control systems remain sufficient and appropriate for the Company's business;
- performing its tasks in an objective manner, independent from the Company's operational functions; and
- reporting any findings and recommendations to the Management Board and the Audit and Risk Committee, which shall determine what actions are to be taken with respect to each of the internal audit findings and recommendations and shall ensure that those actions are carried out.

Internal Audit provides assurance to the Management Board on how effectively the Company assesses and manages its risks, including the manner in which the Company's safeguards operate. This assurance task covers all elements of the Lemonade Insurance N.V.'s risk management cycle. As part of this responsibility, the Internal Audit reviews the Risk function. To ensure effective coordination of activities between the two functions, it is essential that they leverage a common language of risk and control.

The audit plan of the Internal Audit function is approved in the Audit and Risk Committee. Audit objectives are defined from a risk perspective.

The Internal Audit function has been insourced in 2024 and is now managed internally.

B.5.2 Independence of the internal audit function

Internal Audit shall be objective and independent from the operational functions. The independent position of Internal Audit is safeguarded by independent reporting to the Management Board and

Supervisory Board, unrestricted access to senior management and frequent meetings with the chair of the Supervisory Board and the chair of the Audit and Risk Committee.

The actual performance of the audits and the assessments are the sole responsibility of the Internal Audit function itself, which will act on its own initiative and not be subject to any external influence. Internal Audit is permitted to advise other units on controls to be performed, provided that the giving of such advice does not jeopardise its independence.

Internal Audit will take measures in order to mitigate the risk of any conflicts of interest. No person who has been involved in the Company's business activities or functions during the timeframe covered by an audit may function as Internal Audit for the relevant activity or function.

B.6 Actuarial function

The Actuarial function is responsible for the coordination and monitoring of the evaluation of technical provisions, including methodology, assumptions and data. The Actuarial function supports the Risk function. The Actuarial function will assist with the calculation and modelling of the underwriting risks and contribute actuarial methodology to the calculation of capital (own funds) and risk capital requirements.

In summary, the Actuarial function’s responsibilities include:

- coordinating the calculation of technical provisions
- ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions
- understanding the individual model components, their interdependencies and the way the model depicts and takes account of the resultant diversification effects;
- developing and regularly reviewing the reserving methodology (stochastic simulation, deterministic approach, etc.);
- assessing the sufficiency and quality of the data used in the calculation of technical provisions
- comparing the current assumptions with those for the previous year and those for the previous year with the actual figures to calculate the technical provisions (best estimate comparison), and identify the reasons for the variances;

- expressing an opinion on the reserving and the underwriting guidelines (e.g. the consistency between the underwriting guidelines and pricing, or the financial effect of changes in the general business conditions);
- expressing an opinion on the reinsurance covers, to include a review of the consistency of the reinsurance program with the Company's risk appetite, the impact of a cover on financial volatility and the effect of covers under a range of stress scenarios (e.g. a catastrophe event or the reinsurer's financial strength being inadequate);
- analysing the interdependencies between reinsurance programs, reserving and the underwriting guidelines;
- analysing the appropriateness of premiums and the technical provisions, taking account of changes in the underwriting strategy or the market environment (e.g. inflation risks or legal changes);
- expressing an opinion on the main risk factors and their influence on profitability in the next financial year; and
- assessing and validating the appropriateness, quality and completeness of the (internal and external) data and IT systems used.

The Actuarial function submits an annual report to the Management Board, to enable the Management Board to form an opinion on the appropriateness of the calculation of the technical provisions, the underwriting guidelines and the reinsurance guideline. The report also provides detailed explanations of changes in the assumptions and the reasons for the changes (best estimates compared to experience values). The Actuarial function presents and discusses the annual report in a Supervisory Board meeting.

Actuarial is positioned sufficiently independently from the business and other key functions, to avoid conflicts of interest occurring.

This independent position is safeguarded by independent reporting, unrestricted access to senior management as well as (committee) meetings of the Head Actuary with the Company's Chair of the Management Board.

To ensure the independence of the Actuarial function and avoid (perceived) conflicts of interest, the Company has implemented a number of safeguards:

- persons engaged in the performance of Actuarial duties are not supervised by those responsible for the performance of the operating units of the Company;

- persons engaged in the performance of Actuarial duties are not involved in the performance of activities within the operating units of the Company;
- remuneration of the Head Actuary (and other Actuarial representatives) is in accordance with the Company's remuneration framework, which provides that persons engaged in the Actuarial function are remunerated based on objectives which are independent of the performance of the Company's operating units;
- any conflicting duties are properly segregated; and
- Actuarial is subject to an appropriate independent review by Internal Audit to ensure that decisions are being arrived at independently.

B.7 Outsourcing

Lemonade Insurance N.V. has outsourced certain critical services and/ or services related to key functions to both internal providers (Lemonade, Inc. and its subsidiaries) and best in class external providers in the Netherlands.

- Transactions with entities within the Lemonade Group are based on inter-company agreements and include IT, human resources-related arrangements and rendering and receiving of other services.
- The key functions receive operational and expert support from the best in class external providers.

Outsourcing may affect business exposure to operational risk through material changes to, and reduced control over, people, processes and systems used in outsourced activities outside of the control environment of Lemonade Insurance N.V.. Lemonade Insurance N.V. has therefore developed and formalised an outsourcing policy to ensure that outsourcing arrangements are subject to appropriate due diligence, approval and continuous monitoring.

The internal and external procurement and relationships of Lemonade Insurance N.V. are subject to its Outsourcing Policy which was established to ensure that any outsourcing of services does not impair the quality of the Company’s system of governance, unduly increase the operational risk, impair the ability of the Company's supervisory authorities to monitor compliance of the Company with its regulatory obligations or undermine continuous and satisfactory service to its customers. In addition, the Outsourcing Policy is intended to ensure the Company's compliance with relevant provisions of applicable law.

For all outsourcing arrangements written service level agreements are in place, setting out:

- the duties and responsibilities of both parties involved;
- the service provider's commitment to comply with all applicable laws, regulatory requirements and guidelines as well as policies approved by Lemonade Insurance N.V. and to cooperate with the Company's supervisory authorities with regard to the outsourced function or activity;
- the service provider's obligation to disclose any development which may have a material impact on its ability to carry out the outsourced functions and activities effectively and in compliance with applicable laws and regulatory requirements;
- the service provider's obligation to provide regular reports on its performance of the agreement and the authority of the Company to request information on an incidental basis;
- a notice period for the termination of the contract by the service provider which is long enough to enable the Company to find an alternative solution;
- Lemonade Insurance N.V. must be able to terminate the arrangement for outsourcing where necessary without detriment to the continuity and quality of its provision of services to policyholders;
- the Company reserves the right to be informed about the outsourced functions and activities and their performance by the services provider as well as a right to issue general guidelines and individual instructions at the address of the service provider, as to what has to be taken into account when performing the outsourced functions or activities;
- the service provider is to protect any confidential information relating to the Company and its policyholders, beneficiaries, employees, contracting parties and all other persons;
- Lemonade Insurance N.V., its external auditor and the supervisory authorities have effective access to all information relating to the outsourced functions and activities including carrying out on-site inspections of the business premises of the service provider;
- The supervisory authorities may address questions directly to the service provider and the service provider shall reply; and
- the terms and conditions, where applicable, under which the service provider may sub-outsource any of the outsourced functions and activities.

B.8 Any other information

All relevant information is covered in the previous sections.

C. Risk profile

This section is outlined as follows. The first subsection describes the risk assessment and measurement that applies to all risk types, and in particular the Solvency Capital Requirement (**“SCR”**). The second subsection discusses the Solvency ratio, and the general approach to sensitivity analysis and stress testing. The third subsection outlines the identification and approach to Risk Concentrations.

In subsections C.1 through C.5, more detailed information is provided on Underwriting, Market, Operational, Liquidity & Credit (counterparty default) risk respectively.

Risk Assessment and Measurement: Solvency Capital Requirement

The assessment of Lemonade Insurance N.V.'s Risk Profile forms part of the Risk Management framework, which is discussed in section B.3. Within this framework, risk policies provide specific operating guidelines for Lemonade's risk governance and risk tolerance statements. Lemonade Insurance N.V. complies with the risk policies of Lemonade Inc. The Lemonade risk policies are tailored to fit local circumstances and therefore entail additional restrictions to the Inc policies.

Within the Risk Management Framework, risks are identified and quantified using the Solvency II Standard Formula. The Standard Formula (**“SF”**) contains separate modules for Market Risk, Counterparty Default Risk, Underwriting Risk, Operational Risk and Risk aggregation.

The SCR of Lemonade Insurance N.V. is the minimum level of own funds required in accordance with Solvency II legislation, to absorb unexpected developments in all risk exposures of Lemonade Insurance N.V.' combined. It serves to ensure that obligations to policyholders can be met with a very high degree of certainty. When available own funds are in excess of the aggregate SCR, Lemonade Insurance N.V. will be able to meet obligations to policyholders with a likelihood of at least 99.5% over a period of one year.

The table below shows the components of the SF model of Lemonade Insurance N.V. and the amounts of the main risk types, including the (Absolute) Minimum Capital Requirement (**“(A)MCR”**).

Solvency Risk	Capital requirement (€ thousand)
Market risk	4,471
Counterparty default risk	1,387
Health underwriting risk	24
Non-life underwriting risk	8,015
Diversification benefit	(3,018)

Solvency Risk	Capital requirement (€ thousand)
BSCR	10,880
Operational risk	367
Adjustment due to RFF	1560
LAC DT	not applied
SCR	12,806
(A)MCR	4,000

Mitigating effects of diversification between risks are taken into account in the aggregate SCR. Diversification exists as the degree to which different risks are related to one another and is, in many cases, limited. As a result, the likelihood of severely adverse developments of all risks occurring within the same year is extremely remote. The operations in the United Kingdom are classified as a ring fenced fund. Under Solvency II, the capital requirements related to this ring-fenced fund (RFF) do not diversify with those of the rest of the company. The effect of the loss absorbing capacity of deferred taxes (LAC DT) has not been applied yet, for prudential purposes.

Solvency Ratio and Sensitivity Analysis

The Solvency ratio is the main indicator of the ability of Lemonade Insurance N.V. to meet all its obligations to policyholders and other stakeholders, as and when they fall due. It is defined as follows:

Solvency Ratio = Own Funds / SCR

The own funds are the assets of the Company, valued according to Solvency II principles, in excess of all obligations to policyholders as well as other liabilities that are not subordinated. Own funds, the SCR respectively the Minimum Capital Requirement (**"MCR"**) and Solvency ratio as of December 31, 2024, are shown below.

	Eligible own funds (€ thousand)	Capital Requirement (€ thousand)	Solvency ratio
SCR Ratio	28,549	12,806	223%
MCR Ratio	28,549	4,000	714%

The current Solvency Ratio (i.e. regarding the SCR) of 223% indicates that own funds are in excess of the minimum required capital level as specified in Lemonade Insurance N.V.'s Capital Management policy. Further details about this policy and the composition of the own funds can be found in chapter E.

Sensitivity analyses have been performed with regards to the assumptions and methodologies used for the premium and claims provision. While the results are sensitive to the assumptions and methodologies used, the impact on the SCR ratio is small and does not affect the (A)MCR ratio.

Extreme Weather, Climate Change and other Extreme Event Scenarios

Lemonade Insurance N.V. develops extreme event scenarios on an annual basis as part of the Own Risk and Solvency Assessment (ORSA). The ORSA process is further discussed in section B.

In the extreme event scenarios, the impact is determined over a multiyear period. Scenarios considered are for example a severe economic development such as extreme weather events due to climate change and extreme growth scenarios.

For each scenario, the potential impact on key financial metrics is assessed such as net earnings, own funds, SCR and solvency ratio as part of the ORSA procedure. Based on these scenarios management can undertake mitigating actions to reduce the perceived impact.

Risk Concentration

A concentration of risk for Lemonade Insurance N.V. has either of the following elements;

- A relatively high density of policyholders in a specific area.
- A relatively high exposure to a single risk. For example, counterparty risk with allocation of cash to a single counterparty.

The potential occurrence of risk concentrations is further discussed below in the specific sections on each of the main risk types. Lemonade Insurance N.V. separates its key risk categories in accordance with regulatory requirements under Solvency II and with a view to its activities as follows:

- Underwriting Risk;
- Market Risk;
- Operational Risk;
- Liquidity Risk; and

- Credit Risk.

C.1. Underwriting risk

C.1.1. Description of the measures used to assess underwriting risks

Underwriting risk is a risk that may arise from an inaccurate assessment of the risks associated with writing an insurance policy or from uncontrollable factors.

The SCR for underwriting risk amounts to € 8,015 thousand before diversification benefits and ring fenced fund adjustment, which is driven by the non-life underwriting catastrophe risk and premium and reserve risk, driven by growth of the portfolio. The SCR is partially reduced by the current reinsurance program, which is described in C.1.3.

C.1.2. Risk Concentrations

Concentrations of underwriting risk arise in case a Catastrophic event causes a large number of claims in a concentrated region. Concentration Risks identified by Lemonade Insurance N.V. with a potential material impact on own funds are extreme weather and climate change related. An example would be a concentration of insured properties within close proximity of a river which in the event of flooding due to extreme weather could lead to increased claims.

C.1.3. Risk mitigation techniques used for underwriting risks

By limiting the sum insured that can be underwritten per policy, the risk of major losses is mitigated. In line with the risk tolerance as set by the board, appropriate reinsurance is secured in order to de-risk the balance sheet, reduce the required capital and increase the financial stability of the European operation. Lemonade Insurance N.V. only retains a limited share of exposure through the quota share programme in place and exposure to larger losses are protected through excess of loss reinsurance.

The effectiveness of the reinsurance program is monitored annually by the Actuarial function holder and reported in the Actuarial function holder report.

C.1.4. Risk sensitivity for underwriting risks

The main underwriting risk Lemonade Insurance N.V. is exposed to is climate change and/or extreme weather risk, i.e. the risk that an extreme weather event or climate change event occurs in an area with a large concentration of property insurance policyholders that will claim and receive a benefit from their policy.

Lemonade Insurance N.V. will monitor the concentration risk in relation to extreme weather and/or climate change and will not take on risks that are beyond its risk appetite and that are not sufficiently covered by existing reinsurance contracts.

C.2. Market risk

The SCR for market risk amounts to € 4,471 thousand, before diversification benefits and ring fenced fund adjustment. Lemonade Insurance N.V. is exposed to currency risk and interest rate risk regarding liabilities (i.e. net technical provisions) and government bonds only, other than bonds it does not invest its funds but keeps its cash in a current account in the bank.

To align with the SCR in QRT S.25.01 we only discuss Counterparty default risk (as defined in the Delegated Regulation) in section C.5. (i.e. Credit risk).

Prudent person principle

In adherence to the prudent person principle as defined in Article 132 sub 2, and related sections of Solvency II, our investment strategy remains resolute in prioritizing the security, quality, liquidity, and profitability of our portfolio to safeguard the interests of our policyholders and beneficiaries. We meticulously invest in strong government bonds, a class of assets whose risks we can competently identify, measure, monitor, manage, control, and report. This approach aligns with our commitment to fulfilling the overall solvency needs of our organization, taking into account our specific risk profile, approved risk tolerance limits, and business strategy. Our investment choices are designed to cover the Minimum Capital Requirement and the Solvency Capital Requirement effectively, ensuring these assets are not only secure but also readily available. In managing our asset portfolio, we continuously evaluate the nature and duration of our liabilities, ensuring that our investments are conducted in the best interests of our stakeholders. Furthermore, our governance structure is equipped to manage conflicts of interest, with an unequivocal dedication to prioritizing the welfare of our policyholders and beneficiaries above all.

C.3. Operational risk

C.3.1. Description of the measures used to assess operational risk

Operational risk is defined as the prospect of loss resulting from inadequate or failed procedures, systems, policies or any event that disrupts business processes.

The risks are categorised as follows:

- Strategic;
- Preventable; and,
- External.

The identified risks are collated and monitored via the internal Risk Dashboard, wherein an additional level of granularity to the background, mitigating controls and other details are specified. The risks include addressing both ‘Inherent’ risk (i.e. the risk of doing business within a certain domain) and remaining ‘Residual’ risk (i.e. the risk that remains after mitigating controls are implemented) after mitigating controls are implemented and operating effectively. The time horizon for looking at the risk indicators is aligned with the ORSA cycle.

The SCR for Operational Risk is determined using the SF under Solvency II, and amounts to € 367 thousand. It is based on volumes of premiums and technical provisions. Additional measures have been developed internally for the day-to-day management and assessment of Operational risks.

Amongst others, the following types of operational risks are identified by Lemonade Insurance N.V. across its business;

C.3.1.1 IT risk

IT risk is defined as losses due to inadequate or failed business continuity planning, back-up and recovery, fallback arrangements, information security, IT maintenance and change management, identification of relevant technological developments and other technical causes for systems related failures and errors.

C.3.1.2 Legal & compliance

Legal & compliance risk is the risk that losses occur due to non-compliance to applicable rules and regulations within any of the operating countries.

C.3.1.3 Financial crime

Financial crime risk is the risk of losses due to an intentionally malicious act performed by either an employee, an external party of a client with the aim of acquiring funds, which would have a negative impact on Lemonade Insurance N.V..

Operational risks are inherent to the industry and business wherein Lemonade Insurance N.V. operates, examples of operational risks are data breaches, system malfunctioning, business interruption, IT security breaches, and or processing errors. If these events occur, they could lead to reputational damage, financial loss and/or non-compliance with laws and regulations, thereby hindering the operational effectiveness of the Company. In order to mitigate such events, Lemonade Insurance N.V. monitors its risk profile continuously and in line with the RMS as presented in section B. In general terms, the Company intends to take a conservative approach towards risk management and conduct its operations and development strategy in a way that will minimise the risk exposure.

C.3.2. Risk Concentrations

Operational risk concentration can occur where specific risk exposures are in excess of operational risk appetite as agreed by management. The RMS ensures that the internal control environment of Lemonade Insurance N.V. is maintained at a sufficient level including policies, procedures and risk control matrices to ensure operational effectiveness of controls in place. The following elements dominate the material operational risks:

- legal, regulatory, conduct & compliance; and
- processing.

C.3.3. Risk mitigation techniques used for operational risks

Operational risks at Lemonade Insurance N.V. are mitigated by maintaining a strong risk control framework and culture. Please refer to section B. for a detailed description of the compliance risk framework. All operational risks that are assessed as exceeding the set risk tolerance levels require management to determine a risk response in terms of accepting, controlling, transferring or avoiding risks.

C.3.4. Risk sensitivity for operational risks

Given the relatively small amount of the SCR for Operational Risk, no specific sensitivities have been determined.

C.4. Liquidity risk

C.4.1. Description of the measures used to assess liquidity risk

Liquidity risk refers to the risk of loss to the Company as a result of assets not being available in a form that can immediately be converted into cash or the securing of such assets at excessive cost (whether through borrowing or overdraft arrangements, for example) and therefore the consequence of not being able to pay its obligations when due.

Stress testing for Liquidity Risk

Lemonade Insurance N.V. has applied the following scenarios to stress test the liquidity positions and assumptions of the business plan;

During the annual Own Risk and Solvency Assessment (ORSA) the Company applied the following scenarios to stress test the liquidity positions and assumptions of the business plan;

- 'Base' scenario wherein the growth of users and premium follows the expected business plan pattern;
- 'Onerous' wherein the loss ratio is deteriorating with 30%-pt every year, and the premium growth is 1/3rd compared to the base scenario;
- 'Severe growth' scenario, in this scenario premiums increase by 60% compared to the base scenario. Note that this would possibly improve loss ratios as well, however those are kept equal to the base scenario;
- 'Reduced reinsurance' scenario wherein no global quota-share is in place for all European countries as of the next renewal, and the reinsurance benefit of the CAT XOL is decreased by 25%, i.e. significantly more of the exposure is retained on our own books;
- 'Climate change - transitional' scenario wherein we need to see emission reductions greater than we have observed during the great economic depressions during this and last century in order to remain in a world where the temperature increase remains below 2 degrees Celsius. This would mean harsh economic measures if governments are actually going to comply with the Paris agreement. Therefore, growth is limited to the average as projected over the prior period and a 3% increase in content loss ratio each year.
- 'Climate change - physical' scenario wherein climate related events occur spread over Europe, increasing the content loss ratio gross of reinsurance with 10% each year in line with the frequency increase as previously observed by the European Severe Weather Database (~8%-10% per year). On top of that there is one major event equal to 70% of the diversified SCR for Windstorm + Flood catastrophe in the first plan year;
- 'One-off losses' scenario wherein the Company faces a one-off loss of 20% of the Company's projected revenue in 2025, which is roughly 3.7 mln consolidated and 1.9 mln for the UK branch;
- 'Counterparty default' scenario wherein the reinsurance recoverables depreciate by 20% in all years and all counterparty credibility ratings (banks and reinsurers) drop 1 levels in 2025;
- 'Business continuity problems' scenario wherein costs other than the MGA fee increase by 25% and at the same time premium drops by 25%;
- 'No Group support' scenario wherein suddenly no capital injections are forthcoming from 2026 onwards.

C.4.2. Risk Concentrations

The described stressed liquidity scenario can be regarded as a concentration with respect to liquidity risk. The liquidity risk policy requires that sufficient liquid assets are available in this scenario.

C.4.3. Risk sensitivity for liquidity risks

Given the above mentioned stress scenarios, no other specific sensitivities have been determined.

C.4.4. Risk mitigation techniques used for liquidity risks

Liquidity risks at Lemonade Insurance N.V. are mitigated by maintaining high solvency levels combined with having all cash in current accounts with banks and all investments solely in liquid government bonds.

C.4.5. Expected Profits in Future Premiums (EPIFP)

The EPIFP reflects the current value of the net cash flows expected to arise from in-force contracts until the end date of each contract. Note that the EPIFP is determined only for contracts where such a value is positive. A high value of EPIFP could impact liquidity, as future profits are not available in cash at present. As the total amount of the EPIFP amounts to nil as of December 31, 2024, since the applied combined ratio is above 100%, there is no impact on the liquidity position.

C.5. Credit risk (counterparty default risk)

C.5.1. Description of the measures used to assess credit risk

Counterparty default risk is the risk of loss to the Company if the counterparty to a financial instrument or reinsurance agreement fails to meet its contractual obligations. Lemonade Insurance N.V. is exposed to counterparty default risk on reinsurance as well as outstanding balances on current accounts with its bank.

The SCR for counterparty default risk amounts to € 1,387 thousand before diversification benefits and ring fenced fund adjustment.

C.5.2. Risk Concentrations

Concentration within Counterparty Default risk could occur in case relatively high amounts are outstanding with a single counterparty, or if default risks of many counterparties are highly correlated. An important measure to avoid concentration within Counterparty Default risk is to select creditworthy counterparties and diversify and limit exposure to individual issuers. Lemonade Insurance N.V. implemented a policy to limit the exposure to a single counterparty. Exposures are monitored and any potential violations of exposure limits are reduced if required. As a result, no Risk Concentrations within Counterparty Default Risk have been identified as of December 31, 2024.

C.5.3. Risk sensitivity for credit risks

Stress testing and sensitivity analysis for credit risk is performed in the form of scenario analysis as described in section C.4.1.

C.5.4. Risk mitigation techniques used for credit risks

Credit risks at Lemonade Insurance N.V. are mitigated by ensuring (reinsurance) counterparties have a sufficiently high rating with external credit agencies.

D. Valuation for solvency purposes

Chapter D discloses the valuation for Solvency purposes and the differences with the IFRS valuation in the annual report. The balance sheet is that of Lemonade Insurance N.V., in alignment with Solvency II regulation concerning disclosure of QRT 02.01. The overall balance sheet under Solvency II and under IFRS statutory reporting is shown below. The IFRS balance sheet column has been reclassified from the presentation used under IFRS in the financial statements to the categories used in the balance sheet QRT.

(€ thousand)	IFRS	Reclassification	Revaluation	Solvency II
Deferred acquisition costs	0	0	0	0
Intangible assets	0	0	0	0
Deferred tax assets	285	0	-285	0
Property, plant & equipment held for own use	0	0	0	0
Investments (e.g. Property, Equities, Bonds)	15,100	0	0	15,100
Loans and mortgages	0	0	0	0
Reinsurance recoverables	3,674	3,089	(756)	6,007
Receivables (insurance)	0	3,600	210	3,810
Reinsurance receivables	0	312	0	312
Receivables (trade, not insurance)	307	31	0	338
Cash and cash equivalents	23,880	0	0	23,880
Any other assets, not elsewhere shown	4,144	(3,599)	(0)	545
Total assets	47,390	3,432	(831)	49,992
Technical provisions - non-life	11,456	(173)	1,033	12,315
Best estimate	0	0	0	11,705
Risk Margin	0	0	0	610
Deferred tax liabilities	0	0	0	0
Payables (insurance)	0	0	0	0
Reinsurance payables	0	3,401	(332)	3,069
Payables (trade, not insurance)	3,073	31	(37)	3,067
Any other liabilities, not elsewhere shown	2,817	174	0	2,991
Total liabilities	17,347	3,432	664	21,443
Excess of assets over liabilities	30,043	0	(1,494)	28,549

The difference between equity as shown in the financial statements and the Solvency II value excess of assets over liabilities is explained in paragraph E.1.3.

D.1. Assets

The overview in the table below shows the value of assets by material asset class under Solvency II and IFRS statutory reporting.

	IFRS	Reclassification	Revaluation	Solvency II
Investments **D.1.1.**	15,100	0	0	15,100
Cash and cash equivalents **D.1.1.**	23,880	0	0	23,880
Reinsurance recoverables **D.1.2.**	3,674	3,089	(756)	6,007
Deferred tax assets **D.1.3.**	285	0	(285)	0
Receivables (insurance) **D.1.4.**	0	3,600	210	3,810
Reinsurance receivables **D.1.4.**	0	312	0	312
Receivables (trade, not insurance) **D.1.4.**	307	31	0	338
Any other assets, not elsewhere shown **D.1.4.**	4,144	(3,599)	(0)	545
Total assets	47,390	3,432	(831)	49,992

In this paragraph the valuation under Solvency II is described per main asset class. Where the valuation method or classification differs between IFRS and Solvency II, a qualitative and quantitative explanation is provided per asset category.

In accordance with Solvency II regulations, figures are based on fair value. To ensure consistency with the annual report of Lemonade Insurance N.V., fair value under IFRS and market value under Solvency II is the same.

D.1.1. Investments and cash and cash equivalents

The Company invests its funds in a combination of cash held in bank accounts and European government bonds. There are no material valuation differences between IFRS and Solvency II.

As of December 31, 2024 the cash and cash equivalents are composed of cash at banks, which are subject to an insignificant risk of changes in value other than FX risk and are presented net of outstanding bank overdrafts and therefore approximate their fair value.

The Company's government bonds are recorded at fair value through OCI under IFRS and measured in accordance with Solvency II valuation principles. The valuation methodology follows market-based inputs where available, ensuring compliance with the prudent person principle and internal investment guidelines.

D.1.2. Reinsurance recoverables

On both the IFRS and Solvency II balance sheet (i.e. QRT S.02.01) the gross and ceded technical provisions are presented separately. Reference is made to section D.2.4. for a description of the valuation under Solvency II.

D.1.3. Deferred tax assets

Current income tax

As of December 31, 2024, there are no material temporary differences between SII value of the assets and liabilities and their tax base, therefore for the temporary differences between the tax and Solvency II value no deferred tax balance has been reported. This position may be revised in future years. As a result, there is currently no deferred tax position. The differences between the value of deferred tax assets under Solvency II and IFRS arise mainly due to temporary differences between the IFRS valuation of technical provisions and insurance and reinsurance contract assets and liabilities and their tax base valuation.

D.1.4. Receivables and any other assets (not elsewhere shown)

Receivables and other assets represent services rendered in the ordinary course of business and are presented at amortised cost. All receivables and any other assets are due in less than one year. On the statutory balance sheet the policyholders receivables are mapped under other assets, while for Solvency II they are considered part of the insurance receivables. A reclassification is made between reinsurance receivables and payables. For Solvency II a revaluation is made for premiums revenue that has been recognised but is not expected to have been received yet.

As of December 31, 2024, the carrying amounts of trade receivables approximated their fair values due to the short-term maturities of these assets.

D.2. Technical provisions

D.2.1. Technical provisions analysed by material line of business

The table below shows the Solvency II and IFRS (statutory) insurance liabilities as of December 31, 2023.

(€ thousand)	IFRS	Reclassification	Revaluation	Solvency II
Technical provisions - non-life **D.2.**	11,456	-174	1,033	12,315
Best estimate	0	0	0	11,705
Risk Margin	0	0	0	610
Total gross technical provisions	**11,456**	**-174**	**1,033**	**12,315**

The technical provisions relate to non-life insurance only, more specifically lines of business 1 Accident, 7 Property and 8 General Liability.

General description of the reserving methodology and underlying assumptions

The technical provision for non-life insurance is updated quarterly by calculating a best estimate claims reserve, premium reserve and risk margin. The calculation of the claims provision and the premium provision is described in the next sections.

Claims provision

The best estimate claims provision is calculated with standard triangle reserving techniques. Figures concerning paid and incurred claims, claims handling expenses and salvage and subrogation are updated at country portfolio level, given the relatively small size of the portfolio. Analyses at lines of business and/or homogeneous risk group level are planned for the near future once the portfolio size indicates meaningful results. For both the paid and incurred amounts, three related methods are applied:

- a development factor method, consisting of the linked ratio method and a method to calculate an appropriate tail factor, and
- the Bornhuetter-Ferguson method, which takes into account an initial expectation of the ultimate claim mount and the outcomes of the development factor method, and

- the Initial Expected Loss Ratio Method.

In general, incurred and paid claims data, benchmark payment patterns and Lemonades experience globally are used to set development factors for determining the best estimate claims reserve. For the initial expected loss ratio pick in newly launched countries or products, Lemonade utilises loss ratio input from the earlier launches or partners. Although markets behave differently, in general initially above average loss ratios are expected until the book matures. Based on the current experience in its European markets, Lemonade believes these picks are reasonable. As the portfolio matures Lemonade Insurance N.V. will continue to refine its measures based on experience. In order to determine a claims reserve, the results of the various methods are compared with each other. For each accident quarter, the result which is considered most appropriate is chosen. The best estimate claims cash flows are based on the selected ultimate claim amounts and accompanying payment patterns.

Finally, these cash flows are discounted using the term structure of risk-free interest rates (excluding VA and matching adjustment) as prescribed under Solvency II for the valuation of underwriting liabilities.

During 2024 no material changes have taken place with regards to the claims provision methodology.

Premium provision

In order to determine the premium provision, both a gross and ceded premium provision are calculated. The best estimate of the premium provision consists of an estimate of the future cash outflows minus the future benefits (premiums) for the existing contracts within the contract boundary in line with Article 18 of the Delegated Acts. The contract boundary is assumed to be the next main premium expiration date after the valuation date as all contracts have a contract period of 1-year.

The cash flows in the premium provision must be split into gross cash flows and ceded cash flows related to reinsurance. The outgoing gross cash flows are all costs incurred by the Company up to the contract boundary for a policy and claims incurred by Lemonade Insurance N.V. for claims up to the contract boundary for the policy. All gross incoming cash flows are premiums up to the contract boundary. All outgoing reinsurance cash flows are premiums ceded to the reinsurer. This is additional to the unearned reinsurance premium reserve (already paid ceded premiums). Incoming reinsured cash flows are ceding commissions or payments of claims received from the reinsurer by the Company up to the contract boundary.

The expected combined ratio (i.e. loss ratio plus expense ratio) per country is updated based on annual budget figures. The expenses include maintenance expenses, first expenses and claims handling expenses, and are based on a going-concern situation. The combined ratio is used to split the premium provision by type of cash flow.

Risk Margin

The risk margin calculation is based on a cost of capital method applied to a projection of the Standard Formula SCRs associated with non-Life, as described in the Delegated Regulation. The SCRs which are relevant are the non-hedgeable risks (1) premium and reserve risk, (2), catastrophe risk, (3) operational risk and (4) counterparty default risk (through reinsurance contracts and cash balances). Per future year an approximation of SCR for the individual or sub-risks in (sub)modules is used, as the size of the projected SCR - for cash flows after the first year - is expected to be minimal. This risk driver approach is a simplification relative to recalculating the expected SCR at each point in time in the future. This simplification does not lead to a material misstatement of the risk margin and is in line with the current nature, size and complexity of the Company's risks.

The risk margin is calculated at portfolio level. Allocation to lines of business is based on the relative share of each line of business to the total SCR.

D.2.2. Level of uncertainty

Lemonade Insurance N.V. distinguishes between two sources of uncertainty with regard to the level of the technical provisions. These sources are model risk and process risk. The uncertainty associated with these risks has been mitigated as described below.

Process Risk

The process risk is mitigated using the Risk Control Framework wherein the Financial Reporting risks are included which are designed to provide reasonable assurance on the reliability of financial reports. Key controls within these processes are designed, implemented and reviewed as part of the Risk Control Matrix (RCM) which is subject to the three lines of defence structure as described in detail in section B.

Model Risk

The second risk that Lemonade Insurance N.V. has identified in relation to the technical provisions is model risk. The valuation of technical provisions is based on a combination of benchmark data and experience data for model settings and parameter estimates which reflect unknown future developments and therefore give rise to uncertainty. Due to the limited time of operating in Europe, the datasets are (very) small and therefore are subject to high variation and uncertainty. To ensure the model applied is correct, Actuarial, in its role as the second line of defence, performs an independent review of the technical provisions as described in the previous phase. Additionally, Actuarial calculated sensitivities to the provisions, which show the impacts to be negligible for the solvency ratio.

D.2.3. Differences between Solvency II valuation and IFRS valuation

There are three main differences in the valuation methodology between Solvency II and the statutory accounts:

- In the statutory accounts the loss component represents the part of the fulfilment cash flows that isn't anticipated to be covered by insurance premiums and is calculated based on all future expected cash flows including the Risk adjustment on LRC. The Solvency II premium reserve is based on all future expected cash flows (premiums, claims and expenses) within the contract boundary and differentiates in the size of the unearned premium and corresponding LAT (Liability adequacy test) reserve;
- In Solvency II a risk margin is held on top of the best estimate reserves. In the statutory accounts a risk adjustment is added to the reserves, where this risk adjustment exclude items such as operational risk which are included in the Solvency II Risk Margin;
- Both Solvency II and statutory accounts apply discounting of future expected cash flows based on the EIOPA risk free interest rate for EURO, excluding VA and other transitional measures. In the statutory accounts, discounting is applied to monthly cashflows using a simplified approach whereas in Solvency II, discounting is applied to annual cashflows.

This has a decreasing effect of € 1,033 thousand on the gross technical provisions (see column revaluations in the table in section D.2.1.).

D.2.4. Recoverables form reinsurance contracts

The table below shows the Solvency II and IFRS (statutory) reinsurance recoverables as of December 31, 2024.

(€ thousand)	**IFRS**	**Reclassification**	**Revaluation**	**Solvency II**
Reinsurance recoverables **D.2.4.**	3,674	3,089	(756)	6,007

The recoverables from reinsurance are calculated by applying the ceded reinsurance percentages to the best estimate claims and premium reserves. In addition, a default rate is applied to take into account the possibility that the reinsurer will not pay.

Differences in valuation between Solvency II and IFRS result from valuation methodology differences as explained for the insurance liabilities, see section D.2.3.

D.3. Other liabilities

The break-out in the table below shows the value of the other liabilities by material liability class under Solvency II and IFRS.

(€ thousand)	IFRS	Reclassification	Revaluation	Solvency II
Deferred tax liabilities **D.3.1.**	0	0	0	0
Payables (insurance) **D.3.2.**	0	0	0	0
Reinsurance payables **D.3.2.**	0	3,401	(332)	3,069
Payables (trade, not insurance) **D.3.2.**	3,073	31	(37)	3,067
Any other liabilities, not elsewhere shown **D.3.2.**	2,817	174	0	2,991

D.3.1. Deferred tax liabilities

As of December 31, 2024, there are no temporary differences between SII value of the assets and liabilities and their tax base, therefore for the temporary differences between the tax and Solvency II value no deferred tax balance has been reported. This position may be revised in future years. As a result, there is currently no deferred tax position under Solvency II.

D.3.2. Payables and any other liabilities (not elsewhere shown)

These amounts represent liabilities for services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. The (intercompany) payables and other liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period. The other liabilities, not elsewhere shown, include the accrual on taxes, licences and (professional) fees.

As of December 31, 2024, the carrying amounts of other payables approximated their fair values due to the short-term maturities of these liabilities. A reclassification is made between reinsurance receivables and payables, and receivables and payables (trade, not insurance).

D.4. Alternative methods of valuation

Alternative methods of valuation are used for assets and liabilities for which no quoted market prices exist in active markets for the same or similar assets and liabilities. This concerns the following assets and liabilities; the gross and ceded technical provisions. For these assets and liabilities we refer to section D.2., for information regarding these alternative methods of valuation.

D.5. Any other information

All relevant information is covered in the previous sections.

E. Capital Management

E.1. Own Funds

E.1.1. Objective, policies and processes for managing own funds

Capital management is aimed at preventing breaches of statutory solvency requirements, taking into account (i) the composition of the Lemonade Insurance N.V.'s own funds and (ii) planning in relation to the future composition of its capital (both equity and debt).

The Capital Management Policy (**"CMP"**) sets out measures the Company may enact in the event that its solvency ratio declines rapidly or falls below a critical limit.

For the next three years, no dividend distribution is expected, nor any repayment on capital provided by the sole (indirect) shareholder. There are no capital instruments or profit-sharing schemes that require capital repayment, nor any premium refunds, other than the discretionary Giveback program explained in section A.

Should in the following years a capital withdrawal or dividend distribution be prudent, the solvency ratio and internal solvency targets will be taken into account. In any case, the Company will not distribute dividends unless its own funds exceed 150% of SCR.

Internal safety margin (buffer)

The internal minimum risk tolerance solvency ratio for Lemonade Insurance N.V. as formulated in the risk appetite is 110% of the SCR or (if higher) 110% of the MCR. The lower limit desired risk appetite solvency target is 135% of the SCR or (if higher) 135% of the MCR. These internal safety margins on top of the statutory solvency requirements in its own funds requirement are set by Lemonade Insurance N.V. to prevent frequent breaches of statutory solvency requirements.

This buffer is estimated to be sufficient given that the main risk for the Company, in the absence of reinsurance, is CAT risk due to the nature of the products sold; however, this is mitigated by the Excess of Loss and Quota Share reinsurance covers in place, and by the high level of liquid assets available to promptly meet claims arising from such events.

The safety margin has also taken into account the Company's low risk profile, the volatility of the solvency ratio under normal conditions and in stress situations and the expectations of stakeholders, such as shareholders and policyholders.

Key figures

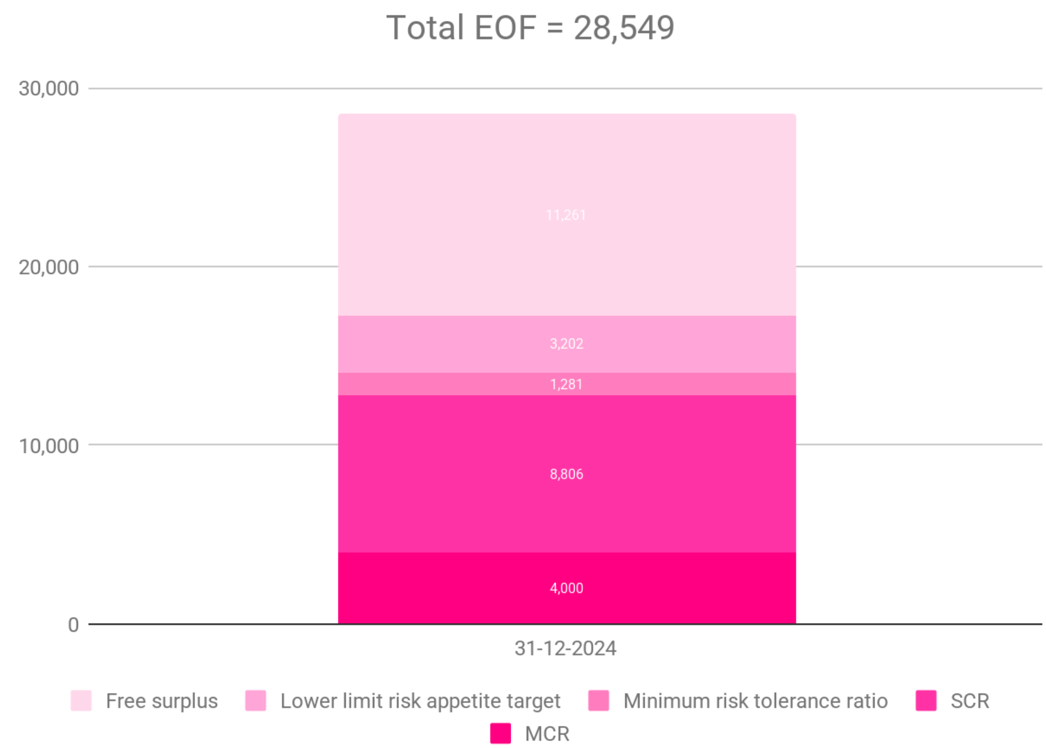
Eligible own funds of Lemonade Insurance N.V. equaled 186% of the SCR and 239% of the MCR. Both ratios being greater than 100%, evidences Lemonade Insurance N.V.'s ability to meet policyholder obligations when they fall due, even under stressed conditions. Solvency II key figures are presented in the following table:

Eligible own funds	28,549
Standard Formula SCR	12,806
Solvency II ratio to SCR	223%
Standard Formula MCR	4,000
Solvency II ratio to MCR	714%

Details on own funds are described in the next section. Lemonade Insurance N.V.'s SCR and MCR are described in section E.2.

E.1.2. Own Funds – quality and amount

The table below shows how the eligible own funds of Lemonade Insurance N.V. relate to the different capital targets.



The table below details the capital position of Lemonade Insurance N.V.. With respect to the capital position, Solvency II requires insurers to categorise own funds into the following three tiers with differing qualifications as eligible available regulatory capital:

- Tier 1 capital consists of Ordinary Share Capital and Reconciliation reserve.
- Tier 2 capital consists of ancillary own funds and basic Tier 2. Ancillary own funds consist of items other than basic own funds which can be called up to absorb losses. Ancillary own fund items require the prior approval of the supervisory authority. Lemonade Insurance N.V. has no ancillary own fund items.
- Tier 3 consists of Deferred tax assets.

The rules impose limits on the amount of each tier that can be held to cover capital requirements with the aim of ensuring that the items will be available if needed to absorb any losses that might arise.

Total eligible own funds to meet the	SCR	MCR
Tier 1 capital - unrestricted	28,549	28,549
Tier 1 capital - restricted	-	-
Tier 2 capital	-	-
Tier 3 capital	-	
Total	28,549	28,549

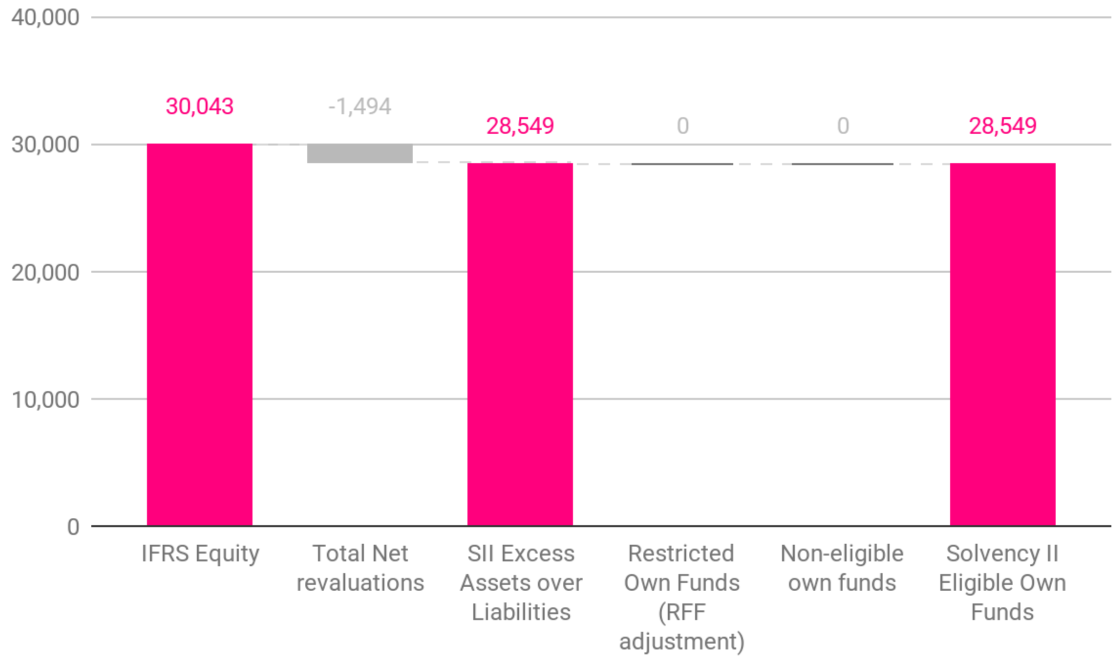
A further breakdown of the unrestricted Tier 1 (**"u-T1"**) capital is detailed in the table below.

(€ thousand)	**u-T1 capital**
Ordinary share capital - gross of own shares	45
Share premium account related to ordinary share capital	41,951
Reconciliation reserve	-13,447
Eligible own funds	28,549
Adjustment for restricted own funds for the ring fenced fund (RFF)	0
Excess of assets over liabilities	28,549

The ordinary share capital and share premium amount to € 42 million. The reconciliation reserve is determined as the excess assets over liabilities minus if applicable an adjustment for the ring fenced fund, the ordinary share capital and share premium. The reconciliation reserve originates from losses during the year.

E.1.3. Difference between equity as shown in the financial statements and the Solvency II value excess of assets over liabilities

Below mentioned graph shows the reconciliation between statutory IFRS equity and Solvency II excess assets over liabilities and Solvency II own funds.



Main reasons for the differences in valuation between IFRS equity and Solvency II equity (i.e. excess assets over liabilities) are described in section D.2.3. To reconcile from Solvency II excess assets over liabilities to eligible own funds (**"EOF"**), the following movements are taken into consideration:

- Subordinated liabilities – not applicable for Lemonade;
- Foreseeable dividends and distributions – not applicable for Lemonade;
- Restricted own-funds – could be applicable for the Company but currently nil;
- Deductions for participations in financial and credit institutions – not applicable for Lemonade;
- Tiering limitations – In accordance with the Delegated Regulation the EOF is divided into tiering components. There are boundary conditions related to the size of these components. Excess of these limits results in capping of EOF. For Lemonade, capping does not apply as of December 31, 2024.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

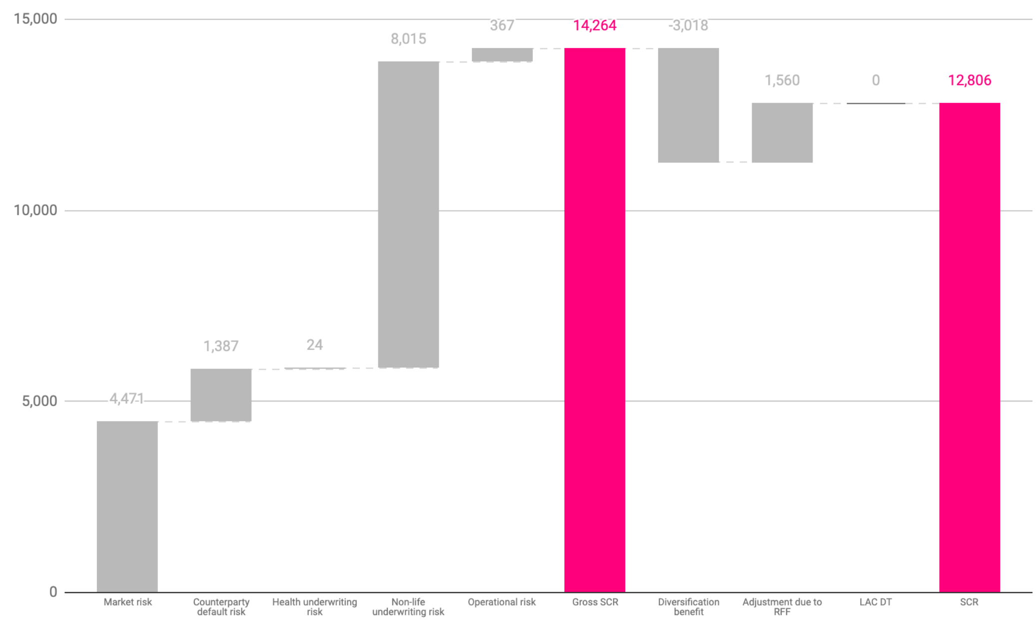
Lemonade reports its SCR in line with the SF specifications. As of December 31, 2024, the SCR amounts to € 28,549 thousand above the absolute floor of the MCR of € 4,000 thousand, according to Directive 2009/138 EU article 129.1.(d).

Lemonade has one ring-fenced fund, under Solvency II the capital requirements related to this ring-fenced fund do not diversify with those of the rest of the company.

E.2.1. Solvency Capital Requirement

The graph below provides an overview of the SCR by risk categories. Each risk category is split into risk types. The amounts as provided in the table are including diversification within the risk category. Therefore, the amount with diversification benefit contains diversification amounts between the risk categories only.

No simplified calculations or undertaking specific parameters have been used for the SCR components. Refer to chapter C on risk Profile for a further discussion on the SCR amounts by Risk Type.



E.2.2. Minimum Capital Requirement

The linear MCR of € 1,131 thousand has been determined based on past years net written premium and net best estimate technical provisions. However, the MCR contains a minimum of 25% and a maximum of 45% of the SCR, as stipulated in article 292(2)(g) of the Delegated Regulation. Applying the MCR floor, the combined MCR becomes € 3,202 thousand. Finally, applying the absolute floor the MCR becomes € 4,000 thousand.

(€ thousand)	MCR components
Linear MCR	1,131
SCR	12,806
MCR cap	5,763
MCR floor	3,202
MCR combined	3,202
Absolute floor of the MCR	4,000

E.3. Use of duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

This is not applicable for Lemonade Insurance N.V., since the Company does not have any equities on the balance sheet.

E.4. Differences between internal model and standard formula.

Lemonade Insurance N.V. does not use a (Partial) Internal Model to calculate its SCR.

E.5. Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

During 2024, there were no instances in which the estimated Solvency ratio was below the required MCR and the SCR level. To ensure that Lemonade Insurance N.V. maintains adequate solvency levels, actual and expected capital positions are monitored against capitalization zones that are defined in the Company's CMP. Several activities are performed to monitor and assess the future development of Lemonade Insurance N.V.'s solvency position, such as the annual Business Plan process and periodic management reporting. Decisions to return capital to shareholders are based on solvency assessments that consider the impact of the decisions on the current and projected solvency position.

Any solvency position is subject to risks, and Lemonade Insurance N.V. therefore constantly monitors such risks. These are quantified to determine the impact on the current and the projected solvency position. The CMP provides actions that need to be performed as soon as the identified risks could cause the projected solvency ratio to fall within a particular capitalization zone.

E.6. Any other information

There is no other information regarding the capital management of the Company that is deemed material to report.

Glossary

A

Actuarial The actuarial function of the Company

AFM Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*)

AI Artificial Intelligence

ALAE Allocated Loss Adjustment Expenses

(A)MCR (Absolute) Minimum Capital Requirement

ARC The Audit and Risk committee of the Supervisory Board of the Company

C

Capital Management and Investment Committee The Company's capital management and investment committee

CMP Capital Management Policy of the Company

CEO The Company's chief executive officer

Company Lemonade Insurance N.V.

Cohort A group of policyholders who express a preference for the same cause (or alternatively the group of policyholders that have not expressed a preference for a specific cause) under the Giveback program

CLA The Company adheres to the Collective Labour Agreement *(Collectieve Arbeidsovereenkomst)* for the Insurance industry as the Company is a full member of the Dutch Association of Insurers *(Verbond van Verzekeraars)*

Compliance The compliance function of the Company

Compliance Committee The Company's compliance committee

Compliance Officer The Company's compliance officer

CLX - Claims Experience team The claims handling team of the Company

CX - Customer Care & Sales Support The customer care and sales support function of the Company

D

DPO - Data Protection Officer The Company's data protection officer

Delegated Regulation Delegated Regulation (EU) 2015/35

Directive Directive 2009/138/EC

DFSA Dutch Financial Supervision Act (*Wet op het financieel toezicht*)

DNB The Dutch Central Bank (*De Nederlandsche Bank*)

DORA Digital Operational Resilience Act

E

EIOPA European Insurance and Occupational Pensions Authority

EIOPA-BoS-15/109 Guidelines on reporting and public disclosure

EIOPA-BoS-14/166 Guidelines on the valuation of technical provisions

EOF Eligible own funds

EPIFP Expected Profits in Future Premiums

EU European Union

F

FCA The British Financial Conduct Authority

Finance The finance function of the Company

G

Giveback or Giveback program The corporate giving program of the Company funded out of policyholders' favourable loss experience

Growth/Marketing The growth/marketing function of the Company

H

HR The human resource function of the Company

I

IFRS International Financial Reporting Standards

IFRS-EU International Financial Reporting Standards as adopted by the European Union

Internal Audit The internal audit function of the Company

IT The information technology function of the Company

L

Legal The legal function of the Company

Lemonade Agency Lemonade Agency B.V.

Lemonade Agency B.V., UK Branch The UK Branch of Lemonade Agency B.V.

Lemonade B.V. A holding company, which is directly and wholly owned by Lemonade, Inc.

Lemonade, the Lemonade Group or Group The group of companies affiliated with Lemonade, Inc., the ultimate parent

Lemonade Insurance N.V. A public limited liability company *(naamloze vennootschap)* incorporated under the laws of the Netherlands, in this document also referred to as 'the Company'

Lemonade Insurance N.V., UK Branch The UK Branch of Lemonade Insurance N.V.

M

Management Board The Company's management board

MCR Minimum Capital Requirement

O

ORSA Own Risk and Solvency Assessment

P

PRA the Bank of England's Prudential Regulation Authority

Privacy and Security Committee The Company's privacy and security committee

Product Oversight and Governance The product oversight and governance function of the Company

Product Oversight and Governance Committee The Company's product oversight and governance committee

Q

QRTs Quantitative Reporting Templates

R

RCM The Company's Risk Control Matrix

Remuneration Committee The remuneration committee of the Supervisory Board of the Company

Risk The risk management function of the Company

Risk Dashboard Reflects the risk ratings of several categories as a result of the self-assessment of the Company.

Risk Officer The Company's risk officer

RMS The Company's risk management system

S

SCR Solvency Capital Requirement

SF The standard formula under Solvency II for identification and quantification of risk exposures

SFCR The Solvency and Financial Condition Report of Lemonade Insurance N.V. for the reporting period that ended

Solvency II or Solvency II Regulations The Directive, the Delegated Regulation and the lower rules and regulations promulgated thereunder

Supervisory Board The Company's Supervisory Board

T

TPR Temporary Permissions Regime of the PRA

U

UK The United Kingdom

Underwriting The underwriting function of the Company

Underwriting Risk Committee The Company's underwriting and risk committee

V

VA Volatility Adjustment